SASKATCHEWAN GAMING CORPORATION
ANNUAL REPORT 2004 • 2005

Operating as Casinos Regina and Moose Jaw

CASINOS

Regina & Moose Jaw

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Regina & Moose Jaw

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- SGC is a Treasury Board Crown Corporation that was established in 1994 to operate casino gaming on behalf of the province and currently operates Casino Regina and Casino Moose Jaw.

- The Corporation is responsible to the Saskatchewan Government through a Board of Directors appointed by Cabinet. The Board of Directors is comprised of seven members, three of which are nominated by the Chief's Legislative Assembly of the Federation of Saskatchewan Indian Nations.

- The Corporation operates Casino Regina and Casino Moose Jaw under the regulatory authority and supervision of the Saskatchewan Liquor and Gaming Authority (SLGA).

- Casino Regina opened to the public on January 26, 1996. Casino Regina's Show Lounge opened in November 2001. Casino Regina is conveniently located in the heart of Regina's downtown and is connected to the Delta Regina and the Cornwall Centre by a Skywalk.

- Casino Moose Jaw, also strategically located downtown, opened on September 6, 2002 and is connected via a Skywalk to Temple Gardens Mineral Spa.

- Casino Regina has 788 slot machines, including specialty games and multi-line games in 1¢, 2¢, 5¢, 25¢, $1 and $2 credits. It has 25 table games and eight poker tables. Casino Regina also offers full food and beverage services, a Show Lounge, gift shop and parking facilities.

- Casino Moose Jaw has 207 slot machines, seven table games, a lounge/snack bar and parking facilities.

- Both operations are open seven days a week.

- One hundred percent of SGC's profits are delivered to the province's General Revenue Fund and hence for the overall benefit of Saskatchewan's communities. An amount equal to 25% of SGC's profit is distributed to non-profit, community organizations and the Métis Development Fund through the General Revenue Fund. Similarly, 25% is allocated to the First Nations Trust Fund. Fifty percent is distributed to important provincial programs through the province's General Revenue Fund.

- The total combined workforce for Casinos Regina and Moose Jaw is 797 employees. Métis and First Nations employees represent 50% of the total workforce. Women represent 54.6% of the total. Visible minorities represent 7.3% and people with disabilities represent 4.6%.

- In-scope gaming operation, customer service and bank staff at Casino Regina are represented by the Public Service Alliance of Canada (PSAC). In-scope food and beverage employees at Casino Regina and all in-scope employees at Casino Moose Jaw are represented by the Retail, Wholesale and Department Store Union (RWDSU). Sound and lighting technicians in the Show Lounge are represented by the International Alliance of Theatrical Stage Employees (IATSE).

- Revenues were $97.7 million.
- Operating expenses were $58.2 million.
- Slot revenues were $83 million.
- Table revenues were $9.5 million.
- The average daily attendance for Casino Regina was 5,723. Casino Moose Jaw averaged 1,554 per day.
- Annual payroll of $23.2 million.
- Capital expenditures of $4.2 million.
- Capital assets of $56.9 million.
- The pay-out percentage on slot machines has remained stable at 93%.

Mandate

To offer casino entertainment in a socially responsible manner – generating quality employment, economic benefit to the community, and profit for Saskatchewan's people in partnership with Métis and First Nations People.

Mission*

To provide outstanding entertainment in a fun, friendly and exciting atmosphere.

Vision*

To positively impact our community.

Values*

PEOPLE
We are an organization where people matter.
We are caring and passionate about everything we do.
We take our work seriously but not ourselves.

INTEGRITY
We are honest, fair and keep our promises.

SOCIAL RESPONSIBILITY
We recognize and respond to the needs of our community.

INNOVATION
We find ways to improve and make change happen.
We have a passion for excellence in everything we do.

*The Strategic Plan is a work in progress that is updated throughout the year and has not been completely approved by the Board of Directors.

To Her Honour
The Honourable Lynda Haverstock
Lieutenant Governor of Saskatchewan

Your Honour,

I am pleased to submit the Annual Report of the Saskatchewan Gaming Corporation (SGC) for the period ending March 31, 2005. This report includes the financial statements in the form required by Treasury Board and in accordance with the Saskatchewan Gaming Corporation Act, 1994.

SGC is recognized as a leader in responsible gaming. The Corporation has also been very successful in the realm of creating employment opportunities for Saskatchewan's Métis and First Nations people.

In addition, while 100% of the SGC's net profit goes into the province's General Revenue Fund (GRF), through an agreement between the province and the Federation of Saskatchewan Indian Nations, an amount equal to 25% of SGC's annual net profit is distributed from the GRF to the First Nations Trust Fund, funding initiatives in First Nations communities. Similarly, a further 25% is distributed from the GRF to the Community Initiatives Fund which funds non-profit, community initiatives around the province and the Métis Development Fund.

Together, Casinos Regina and Moose Jaw make a valuable contribution to the Regina-Moose Jaw regional economies.

I would like to take this opportunity to thank all employees for making this corporation such a valuable asset to the province and such an integral part of the Regina, Moose Jaw and Saskatchewan communities.

Respectfully submitted,

Joanne Crofford

Joanne Crofford
Minister Responsible for the Saskatchewan Gaming Corporation

To the Honourable
Joanne Crofford
Minister Responsible
for Saskatchewan
Gaming Corporation

Madame Minister,

On behalf of the Board of Directors, I am pleased to submit the 2004-2005 Annual Report of the Saskatchewan Gaming Corporation (SGC) for the period ending March 31, 2005.

In addition to its ability to generate profits which benefit all citizens of our province, SGC has a number of achievements it can be proud of: first, SGC's ability to achieve 50% Aboriginal employment, and second, a corporate culture that makes customer service a key priority.

During the year under review, the Corporation continued to grow and build upon its reputation of excellence.

On behalf of the Board of Directors, I would like to thank Twyla Meredith for acting as President and CEO until Marty Klyne took over the position in fall 2004.

I look forward to continued success and development as we plan for a future which will develop the full potential of SGC as a valuable corporate citizen in Saskatchewan.

Respectfully submitted,

Thomas J. Waller, Chair of the Board
Saskatchewan Gaming Corporation

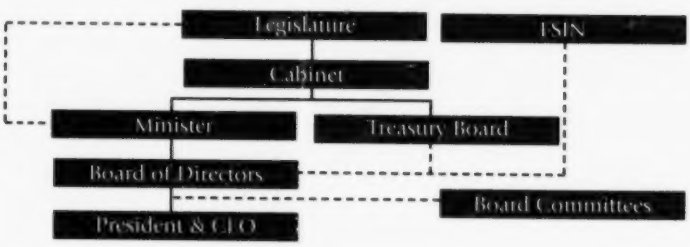
The Saskatchewan Gaming Corporation Act, 1994 provides, in part, as follows:

6 (1) The Corporation shall consist of seven persons appointed by the Lieutenant Governor in Council.

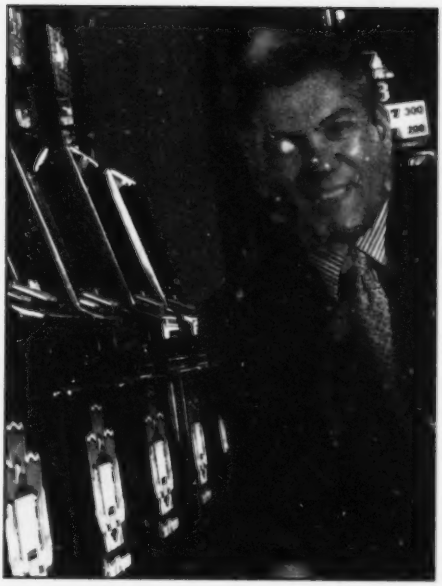
(2) The Lieutenant Governor in Council shall appoint as members;
(a) three persons nominated by the Chief's Legislative Assembly of the Federation of Saskatchewan Indian Nations, and
(b) four other persons.

Larry Spannier, Tom Waller, Sandy Boughen, Ron Martin and Larry Deters.

Governance Structure



Report from the President and CEO



It was with a great deal of honour that I accepted the position of President and CEO for the Saskatchewan Gaming Corporation (SGC) in November 2004. The Corporation has had a successful nine years with double digit revenue growth almost every year since its opening. In addition to strong revenue growth, Casinos Regina and Moose Jaw have earned strong reputations in the area of customer service and in accelerating the participation rate of Aboriginal people in Saskatchewan's economy.

In the time since I have assumed the leadership role, I have come to truly appreciate and value the commitment of the corporation's employees, management team and Board of Directors.

I am confident that SGC will continue to set the standard for enduring success to which others aspire and constantly measure themselves against.

SASKATCHEWAN GAMING CORPORATION

M.L. (Marty) Klyne
President and CEO

SGC's performance is measured against the following key objectives:

Strategic Direction	Corporate Objectives	Corporate Measure	2004-05 Target	2004-05 Actual
Customer To create an outstanding experience where our guests see that we've gone beyond their expectations to provide a welcome, fun and exciting atmosphere.	Exceed guest expectations.	Customer Satisfaction Index	Casino Regina – 8.86 Casino Moose Jaw – 9.07	Casino Regina – 8.16 Casino Moose Jaw – 9.07
	Provide outstanding entertainment experience.	Recommendation Index	Develop new measurement tool.	Progress was made in developing this new measurement tool. Work will continue on its refinement in 2005-06. This will be implemented in 2005-06.
Employee To create a representative workforce of highly competent, and enthusiastic people who model our corporate values.	Achieve a values-driven workforce of highly satisfied employees.	Employee satisfaction index	Conduct best practice review and develop new measurement tool.	Best practice review will continue in new fiscal year.
	Achieve 50% Aboriginal representation at all levels and ensure a representative workforce for all other designated groups	Turnover rate.	Maintain low turnover rate	Staff turnover rate of 17% is still far below the 200% rate of the hospitality industry.
		Representation by designated groups.	50% Aboriginal employment. Visible minorities and persons with disabilities at rates reflecting their participation rate in society.	50% Aboriginal employment achieved. More than 30% of managers are Aboriginal. Visible minorities represent 7.3%. Persons with disabilities represent 4.6% of work force. Women represent 54.6% of the workforce.
Social Responsibility To be a model corporate citizen contributing to our community in a socially responsible manner, demonstrated in part through our unique partnerships.	Create greater public understanding and acceptance	Public perception index	Develop an appropriate measurement tool that will rate public perception of SGC.	In 2004-05, guests were surveyed on their perception of our corporate image. A wider measurement of public perception will be undertaken in 2005-06.
	Maintain an environment where staff and guests feel safe and secure.	Score for security satisfaction on Customer Satisfaction Index. (CSI)	Develop new benchmark tool.	8.89 for security satisfaction on the CSI.
		Score for security satisfaction on Employee Satisfaction Index. (ESI)	Develop new benchmark tool.	ESI measurement tool has been developed and is being refined for implementation in 2005-06.
	To be a leader in responsible gaming.	Problem gambling interventions.	Customer interventions to occur when deemed appropriate.	159 individuals voluntarily banned themselves from gaming activities at CR and 17 at CMJ.
		Best practice survey.	Complete survey and make recommendations.	Recommendations under consideration.

Innovation and Financial Social Responsibility (cont'd)

Strategic Direction	Corporate Objectives	Corporate Measure	2004-05 Target	2004-05 Actual
		Work with other agencies that promote responsible gaming.	Develop measurement tool.	Survey to be conducted in 2005-06.
	Develop and maintain corporate sponsorship and partnerships	Enhance corporate image through cost-effective sponsorship program.	Corporate review of sponsorship and community relations.	Sponsorship and community relations was moved from Marketing Department to new Communications and Community Relations Department. New policies, procedures, and corporate measures are being developed.
	Ensure a high standard of integrity and accountability	Favourable audit reports.	Meet all requirements of Provincial Auditor and the SLGA.	Provincial Auditor issued unqualified opinion of SGC's 2004-05 Consolidated Financial Statements.
		Timely reports to Board, Government and public.	Maintain current high standards in this area.	Corporate results are published quarterly and posted on the website and annual report is tabled according to legislative timelines.
To continue to innovate, partner and develop new opportunities aimed at creating value and ensuring long-term sustainability and profitability.	Ensure a high level of sustainable profitability.	% of revenue growth	3.9% increase over 03-04 actual	8%
		Net income	$39.1 million	$39.4 million
		Net operating income (NOI) as % of revenue.	Minimum 42% NOI.	43.5% net operating income (as percentage of net revenue)
		Budget forecast	Forecast within 5% of actual results.	Achieved.
	Pursue and identify business risks and new opportunities	Risk Management Plan	Develop risk management plan	Review completed and plan developed.
		% of revenue from new business opportunities	0%	0%

SGC's performance is measured against the following key objectives:

Strategic Direction	Corporate Objectives	Corporate Measure	2004-05 Target	2004-05 Actual
Customer				
To create an outstanding experience where our guests see that we go above and beyond their expectations to provide a welcoming, fun and exciting atmosphere.	Exceed guest expectations.	Customer Satisfaction Index	Casino Regina – 8.56 Casino Moose Jaw – 8.57	Casino Regina – 8.16 Casino Moose Jaw – 8.03
	Provide outstanding entertainment experience.	Recommendation Index	Develop new measurement tool.	Progress was made in developing this new measurement tool. Work will continue on it throughout 2005-06. This will be implemented in 2005-06.
Employee				
To create a representative workforce of highly competent and enthusiastic people who model our corporate values.	Achieve a values driven workforce of highly satisfied employees.	Employee satisfaction index	Conduct exit interviews, develop new measurement tool.	Exit interview review will continue in more focus area.
	Achieve 50% Aboriginal representation at all levels and ensure a representative workforce for all other designated groups.	Turnover rate	Maintain our turnover rate.	2004 turnover rate of 17% – 5% far better than 2005 rate of the hospitality industry.
		Representation by designated groups	50% Aboriginal employment, eligible members and persons with disabilities at rates reflecting their participation rate in society.	50% Aboriginal employment achieved (more than 50% of managers are Aboriginal). Visible minorities represent 7.8%. Persons with disabilities represent 4.4% of work force. Women represent 54.4% of the workforce.
Social Responsibility				
To be a model corporate citizen contributing to our community in a socially responsible manner demonstrated in part through our unique partnerships.	Create greater public understanding and acceptance.	Public perception index	Develop an appropriate measurement tool that will rate public perception of SGC.	In 2004-05, guests were surveyed on their perception of our corporate image. A wider measurement of public perception will be undertaken in 2005-06.
	Maintain an environment where staff and guests feel safe and secure.	Score for security satisfaction on Customer Satisfaction Index (CSI)	Develop new benchmark tool.	8.38 for security satisfaction on the CSI.
		Score for security satisfaction on Employee Satisfaction Index (ESI)	Develop new benchmark tool.	ESI measurement tool has been developed and is being refined for implementation in 2005-06.
	To be a leader in responsible gaming.	Program spending interventions.	Customer interventions to occur when deemed appropriate.	28 individuals voluntarily banned themselves from gaming at a cost of CA and US $ CA.
		Bet limits for slots.	Complete study and make recommendations.	Recommendations under consideration.

Innovation and Financial Social Responsibility (cont'd)

Strategic Direction	Corporate Objectives	Corporate Measure	2004-05 Target	2004-05 Actual
		Role with office operations not perceive investment opening	Develop measurement tool	Survey to be conducted in 2005-06
	Develop and maintain effective partnerships and relationships	Effective corporate image through civic and community sponsorship program	Corporate review of sponsorship and community relations	Sponsorship and community relations was moved from Marketing Department to the Communications and Community Relations Department. New policies, procedures and corporate measures are being developed
	Provide a high standard of integrity and accountability	Unqualified audit report	Meet all requirements of Provincial Auditor and the SLGA	Provincial Auditor issued unqualified opinion of SGC's 2004-05 Consolidated Financial Statements
		Timely reports to Board, Government and public	Maintain current high standards in the field	Corporate results are published quarterly and posted on the website and annual report is tabled according to legislative timelines
To continue to innovate, partner and develop new opportunities aimed at creating value and maximizing both sustainability and profitability	Ensure a high level of cumulative earnings	% of revenue growth	3-4% increase over 03-04 actual	8%
		Net income	$39.1 million	$39.4 million
		Net operating income (NOI) as % of revenue	Minimum 42% NOI	43.5% net operating income (as percentage of net revenue)
		Budget forecast	Forecast within 5% of actual results	Achieved
	Pursue and identify business risk and new opportunities	Risk Management Plan	Develop risk management plan	Review completed and plan developed
		% of revenue from new business opportunities	5%	0%

Marty Klyne, President and CEO; Doug Casper, Executive Director of Security; Twyla Meredith, Senior VP Finance and Business Development; Gerry Fischer, VP of Marketing and Casino Services; Max Dressler, VP of Gaming Operations; Dallas Ferguson, Acting VP of Human Resources and Aboriginal Affairs.

Missing Bill Davies, VP of Communications and Community Relations

2004-2005 Performance Results

The 2004-2005 Performance Results illustrate the Saskatchewan Gaming Corporation's progress in achieving the goals and objectives that were outlined in the 2004-2005 Performance Plan.

The key objectives originally presented in the 2004-2005 business plan are listed, followed by a report on actual progress. Actual results are included for all key actions and performance measures that were included in the plan.

Strategic Direction A: Outstanding entertainment experience, customer service and guest relations.

To create an outstanding experience where SGC's guests see that the Corporation has gone beyond its expectations to provide a welcoming, fun, and exciting atmosphere.

Corporate Objective #1 – To consistently exceed guest expectations in every interaction.

2004-2005 Corporate Measure:

- Develop a benchmark tool to measure customer satisfaction.

Actual Results:

- Casino Regina received a score of 8.16 out of ten. Casino Moose Jaw was rated 9.07 overall by its customers.

A: Outstanding entertainment experience, customer service and guest relations

Discussion of Results:

During the year under review, the Corporation revamped its customer service index scale to more accurately reflect the complex nature of its customer interactions. The survey instrument is now based on a ten-point scale.

This satisfaction index is determined through a number of measurement tools including exit surveys that are conducted twice annually. This high score was achieved by implementing the following key activities.

Key Activities Supporting Corporate Objective:

Double Diamond Customer Service Program

2004-2005 Corporate Measures:

- Integrate the Double Diamond Program into other training programs including the orientation program for new employees and the performance management system.
- Establish a rewards and recognition program for all areas of the Corporation that provide service to external and internal customers.
- Ensure that coaching of the SHINE Philosophy is ongoing by all managers, and additional training is made available as required.
- Continue to communicate internally to staff via communications vehicles such as the employee intranet and the bi-weekly and quarterly newsletters.

Actual Results:

- A total of 94 employees attended Double Diamond Customer Service Training in 2004-2005. To date, 80% of SGC employees have completed this training.
- Over 1,012 nominations were received for points (carats) in the corporation's rewards and recognition program.
- 397 employees have been awarded points (carats) within the Double Diamond Program.

Customer Service excellence is rewarded at SGC.

A: Outstanding entertainment experience, customer service and guest relations

Discussion of Results:

Happy employees means better customer service.

SGC knows that customer service affects the bottom line at both casinos. As such, customer service has always been an important focus for Casinos Regina and Moose Jaw. In 2002-2003 SGC developed an in-house branded Double Diamond Customer Service Program to assist in further building on an already stellar reputation. The objective of the Double Diamond Service Program is "to create in every employee the commitment to positively impact each guest's experience." A five-point checklist is based on the S.H.I.N.E. philosophy, which provides standard benchmarks for staff at all levels of the corporation to follow for every interaction with guests and fellow employees.

S.H.I.N.E. is short for:

Smile and greet.

Hear and listen.

Identify needs.

Now ask, ask, ask.

Express appreciation.

Rewarding employees for their efforts to provide exceptional customer service is an equally important part of the Double Diamond program. Supervisors and managers are able to submit nominations for exceptional customer service. Employees are rewarded with points (carats) that can be redeemed for merchandise.

Throughout the fall, all SGC employees were asked to fill out Double Diamond surveys to help evaluate the effectiveness of the program and recommend changes to it. The survey results, still under analysis and interpretation, will be invaluable in profiling what features of the program have served the Corporation well and highlight areas that can be made even better. Results will be analyzed early in the fiscal year and released to all employees shortly thereafter.

A: Outstanding entertainment experience, customer service and guest relations

Facility Improvements

2004-2005 Corporate Measures:

- Casino Regina facility improvements
- Casino Moose Jaw facility improvements

Actual Results:

- A number of enhancements were made to both facilities to complement the move to smoke-free environments.

Discussion of Results:

Having a long-term strategy to continually update and improve the facilities remains a key priority for SGC's management team. During the year under review, one of the most important challenges faced was making Casino Regina smoke-free as part of the provincial government's January 2005 directives. An innovative marketing campaign, along with facility updates to accommodate patrons smoking outdoors, helped ease the transition.

To complement the new smoke-free environment, carpets and drapes were cleaned, walls repainted and ceiling tiles replaced in order to refresh Casino Regina's atmosphere. Two outdoor patios with heaters and canopies were also added to ensure that patrons have a comfortable environment that is away from the main entrances of Casino Regina. An air rebalancing initiative in both casinos helped to create heating/cooling efficiencies due to the new smoke-free environments.

In addition, SGC initiated a new "Healthy Lifestyles" initiative which remodeled the staff break areas and expanded the on-site gym area. Construction also commenced on a Responsible Gaming Information Office. Just walk through the Casino Regina Show Lounge entrance and you will also see the three new gorgeous murals by renowned Saskatchewan artist and illustrator – Ward Schell.

One of the new non-smoking canopies under construction.

A: Outstanding entertainment experience, customer service and guest relations

Corporate Objective #2
To provide an outstanding entertainment experience.

2004-2005 Corporate Measure:
- Recommendation index

Actual Results:
- Progress was made during 2004-2005 in developing a new measurable tool that will enable the Corporation to gauge its success in meeting high expectations for customer service.

Flashing lights, show girls, glitz and glamour made Casino Regina's Summer Games promotion a huge success.

Discussion of Results:
The new survey instrument will be implemented in the new fiscal year and will help develop baseline measurement.

Key Activities Supporting Corporate Objective:

Member Rewards and Loyalty Program

Player Relations

2004-2005 Corporate Measure:
- Using the Players Club Card (PCC) Program as the base, segmented players' events, tournaments and promotions will be used. Examples include slot tournaments, game shows, lifestyle motivational speakers, diamond guest promotions, utilization of the Moose Jaw Cultural Centre, and a revised reward strategy based on rated play. Direct mail and website will be used as the primary advertising mediums to achieve this objective.

A: Outstanding entertainment experience, customer service and guest relations

Actual Results:

- Over 38,000 members in Saskatchewan receive a monthly Players Club letter and calendar of upcoming events, promotions and entertainment.
- The PCC Program continues to be refined focusing on general events which are back by popular demand. Members were also given free admission to Saskatchewan Roughrider away games on the big screen in the Show Lounge, dance parties and discounts on entertainment.
- There was continued focus on targeted measures to support the segmented programs such as the invitation-only private reception and show "The Songs of Gordon Lightfoot".
- Players Club Pancake Breakfasts had great turnouts with over 1,200 people at Casino Regina.
- The Players Club surpassed goals set for the popular "Dinner's on Us" promotion. In total 12,105 dinners were served, up from 10,931 the previous year.
- "Sizzlin' Summer Games" attracted more than 6,000 people over 12 weeks.
- Players Club Slot Tournaments brought over 1,000 participants together to share total prize money of over $100,000.
- Flu shots were again provided free of charge to over 650 Players Club members.
- Players were invited every Monday in October to enjoy bratwurst and polka bands in celebration of Oktoberfest, which attracted more than 1,000 people.
- Members were invited to the "Lifestyles Series" in January to help make positive changes through hypnosis and motivational speakers.

Players Club Slot Tournaments proved very popular with casino guests.

Discussion of Results:

Strategies to increase customer loyalty and retention are essential to the long-term viability of Casinos Regina and Moose Jaw. In 2004-2005, the Corporation continued to refine its players' relations strategy and the results were increases in frequency of visitations, incremental spending and overall attendance.

A: Outstanding entertainment experience, customer service and guest relations

Attention continued on maintaining and refining segmented databases of patrons at both properties. These databases allow the Corporation to use special events and direct mail promotions to create customer loyalty and increase frequency of visitation. PCC members now receive a calendar, along with regular mailings that show all PCC events, upcoming shows, specials and instant winning opportunities.

SGC's new television commercial helped increase door counts and revenue.

Promotions and Advertising

2004-2005
Corporate Measure:

- Develop and implement a strategic combination of advertising and promotions that effectively increase the door count.

Actual Results:

- A new website was launched in September with an on-line "enter to win" promotion. Website entries totaled approximately 1,600.
- Casinos Regina and Moose Jaw's "$1,000 a day giveaway" helped to increase door count by 44% over the previous period in 2003, and a resulting revenue increase.
- "Mustang Mania" Table Games Jackpot was a first ever mystery jackpot executed specifically for table games players. Entry forms averaged 6,000 daily at Casino Regina and approximately 700 at Casino Moose Jaw.
- The March "Pot o' Gold" increased door count by 29% at Casino Moose Jaw and 18% at Casino Regina.
- Casino Regina achieved a 64.5% advertising recall in a province-wide survey and Casino Moose Jaw achieved 47.1%.
- A new television commercial, focused on smoke-free facilities, was produced in February.

A: Outstanding entertainment experience, customer service and guest relations

- The multi-media smoke-free campaign was very successful. The campaign included television, radio, print ads and a significant direct mail offer. This campaign, along with strategies from other departments regarding non-smoking, served to reduce the impact of lost customer visits and revenue.
- Partnerships with Tourism Regina, Temple Gardens Mineral Spa and the Tunnels of Moose Jaw won Tourism Saskatchewan awards based on their excellent results.

Discussion of Results:
The Corporation understands that the development of new and exciting marketing and promotional campaigns are essential to attracting new customers and rewarding existing clientele for the casinos. A more immediate return on investment was achieved by focusing communications efforts on promotions and events rather than branding and awareness initiatives.

A number of promotions were held throughout the year including mystery jackpots, "Speaker Series" and "enter to win" promotions, which attracted new clientele to the casinos. Lucky winners won prizes, such as a home renovation package, a new 2005 Mustang Fastback, cash and SGC products. Promotions with multiple winners, as opposed to one grand prize winner, were well enjoyed by SGC's clientele.

The promotions and Speakers Series featured local speakers, as well as celebrities such as TV Hosts Andrew Dan Jumbo of "While You Were Out" and Ken Beattie of Women's Television Network "Get Growing." Speakers Series offered free advice on various topics encompassing home and garden improvements.

Andrew Dan-Jumbo of TLC's hit series "While You Were Out" entertains staff and guests.

The "Two of a Kind" advertising campaign indicated that both casinos are run in the same fashion and both offer the same excellent games and service. The "Two of a Kind" campaign was advertised within Saskatchewan on television, radio, newspaper, outdoor and the Internet.

A: Outstanding entertainment experience, customer service and guest relations

SGC rang in the New Year with promotions tied to the new smoke-free regulations that came into effect at midnight on January 1, 2005. A Smoke-Free Committee, consisting of members from a number of different departments, came up with a strategy to ease the difficulties for patrons who smoke and to demonstrate the Corporation's sensitivity to their concerns. Guests were treated to stress balls, treats and speakers in the Show Lounge – all to lessen their anxiety. These strategies, coupled with the new multi-media campaign advertising the benefits of SGC's refreshed facilities, has helped minimize the impact of the smoking ban on overall revenues.

Game Mix and Industry Trends

Slot Machine Development Strategy

2004-2005 Corporate Measure:

- Ensure the best available game mix, freshness of the machine themes and excitement as measured by performance per device.

SGC's Philosophy: New Games – Happy Customers.

Actual Results:

- A total of 174 new slot machines were added, maintaining the corporate total at 995. Casino Regina now boasts 788 machines, while Casino Moose Jaw has 207.
- The "Beverly Hillbillies" bank of machines was added to Casino Regina's already exciting array of slot machines.
- The introduction of the "Monopoly" bank of slot machines to Casino Moose Jaw was the first such placement of the new machines in Western Canada.
- The first "Mr. Cashman" bank of 2¢ slot machines, offering an exciting new side-bet feature, was placed on the Casino Regina floor.

Discussion of Results:

Saskatchewan Gaming Corporation takes pride in keeping up with the latest trends in the gaming industry. Much care is taken to research new games and technology that ensure Casinos Regina and Moose Jaw remain noted for having the latest, most exciting games on the market.

A: Outstanding entertainment experience, customer service and guest relations

SGC monitors and analyzes game performance to exploit growth opportunities in these areas by utilizing various means, including slot performance and replacement models.

Table Games Development Strategy

Table Games are all the rage!

2004-2005 Corporate Measure:

- Make available the best and most productive game mix, in terms of revenue generation and player excitement and loyalty.

Actual Results:

- By popular demand, two additional tables – a second Mini Baccarat table and a second Caribbean Stud table – were added to the complement.
- Given changing player preferences, the First Class Coach gaming area along with American Roulette and one Three Card Poker game were removed from the Casino Regina floor.
- The Fun Pit's low limit Blackjack hours have changed:
  - 17:00 – 20:00 @ $2.00 minimum
  - 20:00 – 02:00 @ $5.00 minimum
- Added to the Fun Pit's complement is a low limit Roulette open on weekends.
- The popularity of poker tournaments resulted in:
  - November's Harvest Poker Classic in 2004 attracted 997 guests with a total prize pool of $447,500 – the largest in Casino Regina's history and the largest to date in Canada.
  - Tuesday Poker Tournaments that were designed for the Poker Room have been moved to the Coach Room due to the need for increased space and seating. Sell-outs continue as Casino Regina moved from nine tournament tables to 12 that now seat 120 guests. Saturday tournaments were also added to the mix to accommodate the demand for tournament play.
  - Diamond Poker Classic in July 2004 attracted 445 guests with a total prize pool of $213,000.
  - Station Poker Classic held in March 2005 attracted 825 guests with a total prize pool of $337,000.

A: Outstanding entertainment experience, customer service and guest relations

Discussion of Results:

Poker continues to grow in fun and popularity.

Revenue from table games was down marginally over the previous year, but this was expected due to the transition to a smoke-free environment at Casino Regina. Clearly though, table games have not been impacted to date to the extent that was first projected. SGC continues to keep up with industry trends and guest expectations by introducing new games, reviewing the game mix and technological upgrades or advancements, exploring new promotional opportunities, player developments, and operating efficiencies.

Casino Regina has developed a national and international reputation for its poker tournaments. Three times a year the Casino Regina Show Lounge hosts the largest and most successful poker tournaments in the country. Each year the tournaments continue to grow in popularity.

Service Delivery Strategy

2004-2005 Corporate Measures:

- Ensure the appropriate level of customer service and staffing is maintained, and manage the productivity and enforcement of policies and procedures on the gaming floor.
- Implement customer service initiatives as required to provide exceptional entertainment value to guests.
- Standard performance measures established through SGC's Double Diamond branded customer service program.

Actual Results:

- The Corporation introduced a number of customer service initiatives in the slot area which have been well-received by customers.
- Implementing novel scheduling arrangements to ensure sufficient staff on the floor to meet and surpass guests' needs.
- Adjusting processes and procedures which helped ensure that guests were attended to more quickly. Within these changes, managers were relieved from administrative duties to better meet the needs of guests.

A: Outstanding entertainment experience, customer service and guest relations

- The issuance of bill floats to Slot Attendants helps ensure that the many pay-outs each day are processed more quickly.
- Implementing a machine "reserved" process to allow guests to leave their machines for 10 minutes in order to take a break.
- Placing reserve coin fill bags in the base of each slot machine so that when a fill is required, the Slot Attendant is able to fill the machine immediately rather than transporting heavy coin bags to the machines from the Cash Desks. Guest wait times for hopper fills were reduced by 70% as a result of this change.

Listening to our customers: SGC staff initiated numerous customer service changes based on guest feedback.

Discussion of Results:
SGC staff are trained to take a very proactive approach in seeking feedback from guests on ways that the Corporation can continue to improve service delivery. This approach, as well as regular market research and guest feedback opportunities, ensures that Casinos Regina and Moose Jaw both maintain and improve their stellar reputation for customer service.

Food and Beverage Strategy

2004-2005 Corporate Measures:
- Add value and extend visitor stay through complimentary non-alcoholic beverages on the gaming floor, a value-priced menu and bar service throughout the casinos.
- Refocus complimentary dollars on the restaurant and Show Lounge as a traffic driver concentrating on successes like the breakfast special and segmented player incentives.

Actual Results:
- Casino Regina has eight Red Seal chefs working in the kitchen.
- Casino Regina averages 900 people every Sunday for its new Sunday Brunch.
- Casino Regina Food and Beverage revenues increased 11.7% over the previous year.

A: Outstanding entertainment experience, customer service and guest relations

Discussion of Results:
Casino Regina has some of the province's most experienced and educated chefs working in its kitchen. The Executive Chef is one of two Certified Chef de Cuisines (CCC) in the city of Regina. The CCC designation is the Canadian Equivalent to a "Master Chef" and not only focuses on cooking ability, but also on management ability. Two other staff are also working on their CCC designation, while seven cooks are working towards the Red Seal, which is the inter-provincial standard certification program in Canada – a recognized mark of quality.

Top Quality Chefs.

SGC customers generally want well-priced, Saskatchewan-sized portions of comfort food that isn't too out of the ordinary. However, when Casino Regina has private gala bookings the demand for innovation is high and expectations are in line with the top restaurants in the country.

A number of small, but highly effective improvements were also made in the Casino Regina Show Lounge to improve food and beverage service. New light paging coasters have improved efficiency, allowing servers to know who needs service and those who would rather watch their shows undisturbed. Extremely positive comments from both customers and staff have been received on this new service.

A new snacking menu was also introduced in the Show Lounge, which has received very favourable feedback from customers.

A: Outstanding entertainment experience, customer service and guest relations

Bus Tour Program

2004-2005 Corporate Measures:

- Maximize the bus tour impact on the guest traffic count through a cost-effective use of coupons, commissions and other incentives.
- Implement a major incentive program in January, February and March to increase traffic during slower seasons.

Actual Results:

- There were a total of 45,128 bus tour visitors at Casino Regina and Casino Moose Jaw in 2004-2005. This is an increase of 5% over the previous year.
- The winter qualifying period saw an increase of 3,117 at both casinos. During the summer, there was an increase of 938 for a grand total of 4,055 visits for the program.

Discussion of Results:

Casino Moose Jaw experienced the highest increase in bus traffic. The multi-day out-of-province trips have produced an increase each month over the previous year. In Regina, traffic is still strong, with the majority being from in-province. A 3% decrease in traffic at Casino Regina is more than offset by the 33% increase that was seen in Casino Moose Jaw.

Fun by the busload at Casino Moose Jaw.

A: Outstanding entertainment experience, customer service and guest relations

Entertainment Strategy

2004-2005 Corporate Measures:

- Increase programming that contributes to incremental door count in a cost-effective manner and in line with SGC's corporate brand and image.
- Implement new initiatives comprised of enhanced entertainment lineups, as well as numerous non-traditional events including: sports events, conventions, speakers, trade shows, player events and promotions.

Crowd favorites like Carolyn Dawn Johnson entertained audiences throughout the year at the Show Lounge.

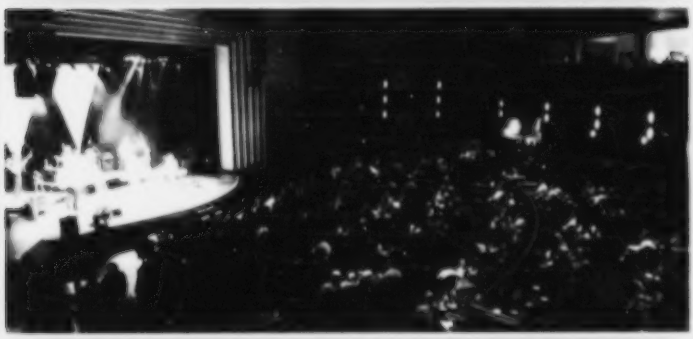
Actual Results:

- Approximately 105,000 guests visited the Casino Regina Show Lounge; an increase of about 50% over 2003-2004.
- The Show Lounge hosted 271 events in 2004-2005 including concert entertainment, sporting events, player events and community sponsored events. The increase in the number and variety of events is largely responsible for the increased guest count.
- Show Lounge tickets have a coin coupon on the back. On event days, Show Lounge tickets have a coupon redemption rate of 50% in the casino. When non-couponed events are added, the end result is a 65% flow of guests to the floor.
- A total of 32 entertainment performances were presented by local entertainers as either opening or headliner acts including, but not limited to, The Poverty Plainsmen, Marny Duncan-Cary and The Saskatoon Rhythmaires.
- Through a partnership with the Moose Jaw Cultural Centre, SGC helped promote and host 19 concerts at the Moose Jaw Cultural Centre.

A: Outstanding entertainment experience, customer service and guest relations

Discussion of Results:
Visitors and residents of Regina continue to rave about Casino Regina's Show Lounge, applauding the Corporation for the high calibre of acts and sight layout of the facility. Legendary performers including Long John Baldry, Chubby Checker, Doug and the Slugs, Holly Cole and Three Dog Night performed to appreciative crowds. Tribute bands like Abbamania and Rory Allen continued to be very popular with Casino Regina guests.

A number of very successful promotions were held in the Show Lounge including a Gardening Series with Ken Beattie and a Home Renovations Series. The addition of sporting events, in particular Saskatchewan Roughrider away games, has also been very well received by the community.



More than 270 events were held at the Casino Regina Show Lounge, many of which were sold out!

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Corporate Objective #1 – Achieve a values-driven workforce of highly satisfied employees.

2004-2005 Corporate Measures:

- Development of an appropriate benchmark tool that will allow the Corporation to objectively measure and improve employee satisfaction.
- Rate of turnover less than 15%.

Actual Results:

- Staff turnover rate of 17% is still far below the 200% rate of the hospitality industry.
- The Corporation reviewed norms for companies throughout Canada in 2004-2005 to develop an employee satisfaction index that will allow comparisons to corporations throughout the country. This best practice review will continue in the new fiscal year as SGC further refines the questions that will be asked in this benchmark survey.

Discussion of Results:

Although work continued throughout 2004-2005 on the development of an appropriate tool to measure employee satisfaction, SGC continued to work hard to demonstrate to employees that they are important. The Corporation has long understood that healthy and happy employees have a direct impact on the level of customer service and, ultimately, bottom line financial returns. This year, this belief was reinforced by moving towards a value-based decision making organization. The Executive Team, along with a newly-formed Leadership Forum, worked together to define the values of the Corporation. These values, rather than rules and procedures, will help to ensure that under the same circumstances all employees will make the same decision.

The new Leadership Forum helped define the values of SGC.

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Staff SHINE at Double Diamond Car Wash

SGC believes this new direction will help ensure it remains an employer of choice in the gaming and hospitality industries in the province. As the gaming industry becomes more competitive, SGC understands the need to do more than simply provide competitive wages and benefits, training and opportunities for career advancement. SGC must demonstrate to its employees that their contributions are valued and whether they choose the casino industry as a long-term career option, or work here part-time while they are attending post-secondary education or pursing other opportunities, Casinos Regina and Moose Jaw are their best employment options.

Human Resource Information System

2004-2005 Corporate Measure:

- Implement a corporate wide Human Resources Information System.

Actual Results:

- System requirements were reviewed and prioritized, and a corporate decision was made to delay implementation of a new Human Resources Information System. The review determined that a Casino Management System and a Surveillance Digital Record System were higher priorities.

Discussion of Results:

Some enhancements to the existing Human Resources System were implemented, which will allow the Corporation to continue to investigate options for new Management Development Systems as part of the Corporation's long-term systems strategy.

B: To create a representative workforce of highly competent, and enthusiastic people who model our corporate values.

Performance Management System

2004-2005 Corporate Measures:

- Maintain an effective Performance Management System for all employees.
- Reinforce the Double Diamond standards in training and performance reviews.

Actual Results:

- New corporate attendance management policies were developed and approved for implementation and will be introduced to all employees in the fall of 2005. This program is based on the attendance management pilot in Casino Moose Jaw, which contributed to the achievement of an average attendance rate of 94.5% for in-scope staff and 99% for out-of-scope staff.

Discussion of Results:

Considerable effort has been undertaken to develop an effective Performance Management System for all employees to ensure that each employee has the opportunity to receive feedback on a quarterly and annual basis.

Learning and Development Strategy

2004-2005 Corporate Measures:

- Implement and evaluate the impact of training programs offered at Casinos Regina and Moose Jaw.
- Identify corporate and individual learning needs through needs assessments designed to determine gaps in employees' current levels of knowledge, skills and behaviours required to effectively perform their jobs.
- Develop a corporate training plan designed to specifically address identified deficiencies.
- Make career counseling services available for all employees to develop personal career plans.

Training is an ongoing priority for SGC.

B: To create a representative workforce of highly competent, and enthusiastic people who model our corporate values.

Actual Results:

- An overall review of education and training needs has brought the Corporation to the threshold of a more centralized approach to fulfilling the personal and professional goals of its employees.
- New courses introduced this fiscal year include: *Interviewing Skills and More!, Effective Speaking and Presentations, and Diversity and Quality Workplace* (conflict management) training.

Casino technicians hard at work.

- The Career Development Counselor helped 60 employees pursue their professional goals through assessment, information sharing, referral, coaching and support.
- Seven people continue to work diligently toward their goals in the Aboriginal Management Development Program.

Discussion of Results:

Customer service and productivity are enhanced when a workforce is confident in its ability to perform job requirements skillfully, interact with customers and co-workers successfully, and to problem-solve and think creatively. With the assistance of the Career Development Counselor, SGC employees are able to focus on closing gaps in their knowledge, skills and abilities through a variety of developmental courses.

A communication campaign, that included speaking at team meetings and publishing information in internal newsletters, helped tremendously to publicize SGC's counseling services and tuition reimbursement options. For example, between 2004 and 2005 semesters, tuition reimbursement requests increased by 45%.

B: To create a representative workforce of highly competent, and enthusiastic people who model our corporate values.

SGC works hard to ensure employees have the information they need to excel at their jobs.

The Aboriginal Management Development Program continues to be a success. Seven individuals are currently participating in the program. It is particularly noteworthy that one of the program participants competed successfully for the position of Manager of Operations at Casino Moose Jaw.

Internal Communication

2004-2005 Corporate Measure:

- Identify internal communications needs and priorities through SGC's new Leadership Forum.

Actual Results:

- A new intranet site was launched for SGC employees in July 2004.
- Through the review of the corporate organizational structure that took place in 2004-2005, a number of corporate communications needs were identified. The result of this process was the formation of a new Department of Communications and Community Relations which is responsible for all internal and external communications and community sponsorship initiatives.

Discussion of Results:

Internal communication remains a challenge for SGC, as it does for all businesses with diverse workforces of employees from numerous cultural backgrounds, educational and life experiences, and shift work occupations. One of the key topics of the new Leadership Forum is how to continually improve the way management not only communicates with staff, but how they actively engage employees at all levels of the Corporation in decision-making processes and customer service initiatives.

A complete review of the communication needs, including all employee communication vehicles, is underway and new policies will be adopted in 2005-2006.

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Labour Relations with In-Scope Employees

2004-2005 Corporate Measures:

- Successfully conclude collective bargaining with the Public Service Alliance of Canada (PSAC) for Casino Regina gaming employees.
- Successfully conclude a first collective agreement with Retail, Wholesale Department Store Union (RWDSU) for Casino Moose Jaw employees.
- Reduce the number of grievances.

New collective agreement signed with RWDSU.

Actual Results:

- A new collective agreement was signed with PSAC and became effective on January 3, 2005 for Casino Regina gaming employees.
- A new three year collective agreement was signed with RWDSU at Casino Moose Jaw in May 2004.
- The number of grievances filed over the past year has not decreased significantly. This is attributed to the success of the grievance process as an effective tool in resolving workplace issues and concerns. The majority of these grievances have been successfully concluded at the first two levels of the process.

Discussion of Results:

SGC strives to maintain good labour relations with in-scope employees through effective communication with the unions. The Labour Management Committee is an effective resource to both communicate and consult with SGC's union partners on corporate directions and processes, which may impact working conditions. The committee meets bi-monthly to actively seek solutions to remove workplace barriers and improve working conditions that demonstrate SGC's commitment to maintaining its position as an employer of choice.

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

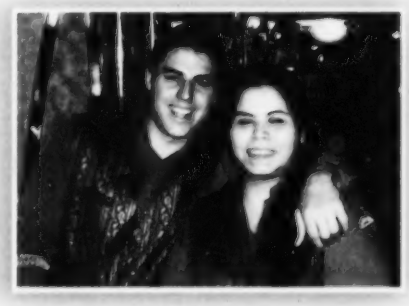
Healthy and Safe Workplace

2004-2005 Corporate Measures:

- Review the occupational health and safety training and current workplace practices to help decrease WCB rates and long-term disability claims.
- Implement a full medical assessment program for employees who are either on long-term disability or have repetitive work compensation benefit claims.
- Develop a corporate wide workplace fitness and wellness policy.

Actual Results:

- A comprehensive review has been conducted regarding the current workplace safety and health training. In the fall of 2005, SGC will be offering in-house training to all employees.
- In March 2005, the Corporation began referring workers to a physician for fitness-for-work assessments in an effort to facilitate the return to duty of injured and ill employees. In 2005, the Corporation will be developing and implementing a formal Return to Work program.
- On January 1, 2005, the Corporation became a smoke-free workplace. A joint Union Management Committee was struck to facilitate the transition and to make recommendations regarding the fitness and wellness of employees. As a result of this work, the fitness centre is being expanded, the staff cafeteria is now offering better food choices and an employee fitness equipment purchase program is being implemented.



Enthusiastic employees have a positive impact on customer service.

- A block shift pilot project has been completed and will be expanded to include all gaming employees in the fall of 2005. Block shifting and other mechanisms to reduce the stresses of shift work on employees' personal health and family lives are part of a joint employer and union commitment to create a more family-oriented and health conscious workplace.

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Discussion of Results:
SGC is committed to ensuring a positive, healthy and safe workplace for its employees. The Corporation believes that the work environment is a significant determinant of employee success and productivity. SGC is pleased that significant progress was made in 2004-2005 in reviewing health and safety requirements and is now preparing to implement a number of important initiatives.

Coloured with the Christmas spirit! Employees' children enjoyed the annual Christmas party.

Employee Appreciation

2004-2005 Corporate Measures:
- Recognize long-service employees through appropriate corporate functions.
- Organize corporate annual Family Fun Days, a Children's Christmas Party, and other events.

Measurable Results:
- Tom Jackson performed especially for SGC employees, families and guests at the Casino Regina Show Lounge in December.
- 763 people registered for the SGC 2004 Children's Christmas party – the most we have had to date.
- A special license was received by SLGA to hold an open house at Casino Regina and Casino Moose Jaw for children on December 24th. Approximately 300 people attended the open house in Regina and about 100 people attended the event in Moose Jaw.

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Fostering Diversity in the Workforce: Over half of SGC's employees are Aboriginal.

Discussion of Results:
As an employer of choice, it is paramount to recognize and validate the contributions of SGC employees. Through the above initiatives and by fostering a corporate culture that recognizes individual and collective contributions on a regular basis, SGC is confident it demonstrates "best practices" in employee appreciation.

Corporate Objective #2 – Achieve 50% Aboriginal representation at all levels of the Corporation and ensure a representative workforce of other designated groups.

2004-2005 Corporate Measure:

- To meet the mandate of SGC's partnership agreement with the FSIN to have 50% Aboriginal employees and develop a workforce that is representative of the population served.

Actual Results:

- More than 50% of the workforce is Aboriginal.
- More than 30% of managers are Aboriginal.
- Women represent 54.6% of the workforce.
- Visible Minorities represent 7.3% of the workforce.
- People with disabilities represent 4.6% of the workforce.

B: To create a representative workforce of highly competent and enthusiastic people who model our corporate values.

Discussion of Results:
SGC is proud to be considered an industry leader in the area of Human Resource Planning. The task of instigating and monitoring representative workforce targets has been placed at the highest level of the Corporation, with the President ensuring succession planning is a priority in the senior management and executive team levels to ensure that progress is made in meeting these goals.

SGC continues to take a leading role in assisting the community in the area of Aboriginal capacity building. Other organizations from across Canada are looking to SGC for advice, and we are only too proud to work with them to help address the demographic changes our society is facing. The Corporation will continue to develop and maintain relationships with First Nations and Métis groups, agencies, organizations and education institutions to enhance this role even further in the future.

National Aboriginal Day volunteers.

C: Public Acceptance, Social Responsibility and Partnership Relations

To be a model corporate citizen contributing to our community in a socially responsible manner, demonstrated in part through our unique partnerships.

SGC is proud to be a good corporate citizen.

Corporate Objective #1 – To create greater public understanding and acceptance of the positive impacts of SGC in Saskatchewan.

2004-2005 Corporate Measure:

- To develop an appropriate measurement tool that will rate SGC's efforts to be seen as a highly visible, model corporate citizen.

Actual Results:

- In 2004-2005, guests were surveyed at both casino properties on their perception of our corporate image. In the upcoming fiscal year, these questions will be added to the provincial phone survey to gain a wider measurement of public perception.

Discussion of Results:

SGC is pleased to have seen a steady increase in public perception by our patrons on the role the Corporation plays in our communities. Through an innovative community relations strategy and highly visible efforts to develop partnerships with key community stakeholders, the Corporation expects similar positive results to report next year.

C: Public Acceptance, Social Responsibility and Partnership Relations

Key Activities Contributing to Success in Meeting this Objective:

External Communications Plan

2004-2005 Corporate Measure:

- Develop the corporate image through a detailed communications plan in line with government policy and approved by Executive Council.

Actual Results:

- The communications plan was developed in conjunction with the annual budget process and was presented to Executive Council.

Discussion of Results:

A strategic, integrated approach has been undertaken in corporate communications that SGC believes will continue to enhance our promotional opportunities, while ensuring appropriate government and board engagement in communications activities.

Corporate Objective #2 – Maintain an environment for staff and guests where they feel safe and secure.

2004-2005 Corporate Measures:

- Score for security satisfaction on the Customer Service Index (CSI).
- Score for security satisfaction on the Employee Satisfaction Index (ESI).

Actual Results:

- 8.89 for security satisfaction on the CSI.
- ESI measurement tool is being refined. Employee rating for security will be measured in 2005-2006.

Upgrades continue at both SGC properties.

C: *Public Acceptance, Social Responsibility and Partnership Relations*

Guest and staff safety is a key priority for SGC.

Discussion of Results:
SGC continues to treat the safety and security of guests and staff as a high priority with an understanding that this responsibility falls on all SGC staff. Having trained security and surveillance staff, and ensuring that equipment and technology is continually updated, gives the assurance that staff and customer expectations are met in a professional manner.

Floor Security staff are positioned throughout the casinos and the parking lots to provide a visual security presence and are prepared to address concerns as they arise. SGC has two 24/7 monitoring units, one for Access Control monitoring of the back of the house and exterior property, and one for CCTV monitoring of the gaming floor and related activities. This provides a full range of coverage throughout SGC's properties. The Surveillance Monitors and Gaming Control Investigators work closely with the Floor Security and other staff in addressing any situation. Customer service is a critical component of any interaction with guests and staff. The intent is to ensure that all guests feel that they are safe during their stay at Casinos Regina and Moose Jaw.

Key Activities Contributing to Success in Meeting this Objective:

Security Strategy

2004-2005 Corporate Measures:

- Review and update the Access Control related systems and policies to ensure access within SGC property is restricted as required to perform one's duties and to protect SGC's assets.
- Evaluate and reassess security requirements to ensure appropriate security at all times.

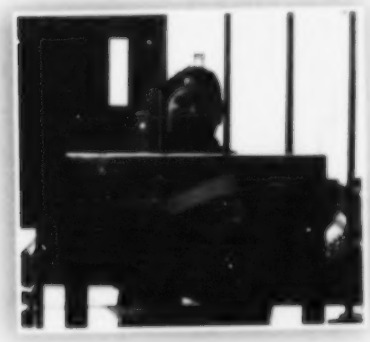
C: *Public Acceptance, Social Responsibility and Partnership Relations*

Actual Results:

- A complete review of access control policies and procedures resulting in the creation of an access control manual to ensure better control and reference.
- 75% of original high security locks have now been converted to a North American manufacturer (from European) to allow for immediate access to supplies and to accommodate SGC employees to be trained to perform locksmith duties required on-site.
- Besides the security patrols and the video surveillance of the exterior of the premises, security personnel are now scheduled in the staff parking lot in the later evening and early morning hours to ensure the safety of staff. Guest parking lots continue to be monitored by parking lot personnel with radio communication to security.
- Corporate security duties involving security and surveillance technical equipment and systems for all SGC properties have been brought under the Manager of Corporate Security for efficiency. This allows for extensive cross-training to ensure the retention of knowledge and succession planning in these highly technical areas.
- Automated External Defibrillators (AED) have been purchased for Casino Regina and Casino Moose Jaw to ensure our employees, who have been trained in First Aid and CPR, have yet another aid to assist people when required.

Discussion of Results:

SGC continues to exceed the legislated requirements to ensure a safe and secure environment for guests, staff, their assets and the assets of the Corporation. This is accomplished through the Corporation's staff, their training, the equipment they use, and the related polices and procedures.



SGC provides a secure environment to protect assets.

C: *Public Acceptance, Social Responsibility and Partnership Relations*

Surveillance and Investigations Strategy

2004-2005 Corporate Measures:

- Introduce a new incident tracking system to better record and retrieve information.
- Review the structural audits process and adjust accordingly to adequately measure employee compliance to rules/ policies/procedures.
- Retrofit Casino Regina to accommodate digital recording in 2005-2006.
- Implement replacement strategy for security and surveillance equipment.

Actual Results:

- The new incident tracking system, ITRAK by IVIEW Systems, has allowed for better reporting and retrieval of incidents and information for the Security and Surveillance Departments.
- The ITRAK System records all structured audits performed by Surveillance allowing for better analysis and reporting.
- In keeping with a three year plan to convert SGC properties to digital recording, the majority of Casino Regina's wiring infrastructure was replaced to accommodate implementation of the digital system in early 2005-2006.
- In keeping with the replacement strategy for security and surveillance equipment, the fixed cameras were replaced above gaming tables along with others on the gaming floor.
- Additional cameras have been installed to accommodate live games in the Show Lounge during our rapidly growing poker tournaments.

Internal controls are an integral part of SGC's operations.

- Facial recognition software was introduced as an addition to the ITRAK incident tracking system as a tool for security concerns, as well as our Problem Gaming initiatives.
- To enhance awareness, Table Games Protection Training was afforded to SGC Surveillance, and management for Table Games, in September 2004 with a follow-up session in March 2005.

C: Public Acceptance, Social Responsibility and Partnership Relations

Discussion of Results:

SGC's technical support staff is essential to the execution of all IT functions.

Year 2004-2005 saw a significant change in technical advancements within the surveillance of the SGC properties. The installation of the ITRAK System, allowed for better recording and retrieval of information, as well as for other options to be introduced to assist the Security and Surveillance Departments. The most significant update is that facial recognition software was installed in March 2005. Once the required data has been added, it will greatly enhance our security/surveillance operation. At the same time, IGNET was acquired, which is a means to share information with other jurisdictions.

The three year implementation of digital recording is on track following year one, with anticipation that Casino Regina will be live and running as of August 2005.

Games protection training initiatives were met in 2005. However, our plans to have a number of our security staff participate in the RCMP extension training for security personnel was very limited due to cancellation of some courses caused by job action at the training academy.

The re-organization of Corporate Security, which occurred in 2004-2005, allowed us to combine some of the duties and responsibilities of the surveillance and security technical areas to ensure we will retain corporate knowledge in an area where it is difficult to use an outside agency due to the lack of demand in our jurisdiction.

C: Public Acceptance, Social Responsibility and Partnership Relations

Objective #3 – To be a leader in responsible gaming.

2004-2005 Corporate Measures:

- Problem gambling interventions.
- Investigate the programs and activities in other jurisdictions and recommend the best practices that can be used by SGC.
- Work with SaskHealth, the Saskatchewan Responsible Gaming Association and other agencies to enhance the image of gaming and address problem gambling issues.

Actual Results:

- A total of 159 individuals chose to voluntarily ban themselves from gaming activities at Casino Regina and 17 from Casino Moose Jaw during 2004-2005.
- Responsible gaming literature was more prominently displayed through pamphlet racks, and captive advertising on this sensitive topic was introduced.
- Comment cards were monitored for indications of problematic behaviour and follow-up contact occurred.

Discussion of Results:

As part of SGC's mandate to be proactive in the area of responsible gaming, Casinos Regina and Moose Jaw maintained a Voluntary Admission Ban program. Players who are experiencing problems can have themselves banned from the casinos for a specified period of time. This year, facial recognition technology was introduced to identify banned patrons who try to re-enter the casino during the period of their bans.

SGC promotes responsible gaming.

C: *Public Acceptance, Social Responsibility and Partnership Relations*

Corporate Objective #4 – Develop and maintain partnerships to support Saskatchewan's communities recognizing our unique commitment to Saskatchewan's Aboriginal people.

SGC employees raised thousands of dollars for community organizations.

2004-2005 Corporate Measure:

- Enhance the corporate image through cost-effective sponsorship of community events and activities that support SGC's brand, image, values and public policy objectives.

Actual Results:

- During 2004-2005, community sponsorship was transferred from the Marketing Department to the new department of Communications and Community Relations because the corporate review identified a number of areas where community relations efforts could be strengthened.

Discussion of Results:

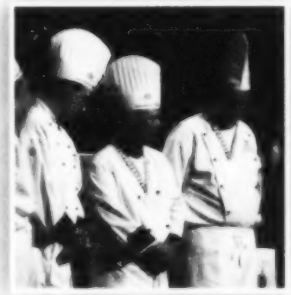
SGC continues to take pride in being a model corporate citizen and working with local business and tourism partners to provide direct and indirect economic spin-offs and to improve the quality of life for the communities of Regina and Moose Jaw and the province.

Specific questions have been included in provincial phone surveys, as well as guest exit surveys, to gain a measure of public perception. News reports, guest correspondence, telephone contacts, and relationships with non-profit organizations are also regularly monitored.

Through a collaborative effort of all members of the Executive Team and many employees at the Senior Management level, the Corporation has developed and sustained relationships with key community stakeholders and businesses that relate to core business objectives.

SGC staff regularly sit on tourism boards and committees – at the provincial level with Tourism Saskatchewan, at the regional level with Tourism Regina and Moose Jaw, and at the local level with a number of organizations such as Regina Downtown and Bid Regina.

C: *Public Acceptance, Social Responsibility and Partnership Relations*



The Iron Chef Competition raised thousands of dollars for Special Olympics.

SGC continues to refine and develop further relationships with Aboriginal, disabled, and visible minority communities as part of the Corporation's employment strategy. Sponsorship of events organized by our target communities are also explored and developed – such as the Aboriginal Government Employees Network, the Special Olympics and others.

SGC set the bar high this year by hosting a number of events in the Casino Regina Show Lounge that raised thousands of dollars for charity. Casino Regina was pleased to host a gala fundraiser for the Hospitals of Regina Foundation that raised more than $180,000. This black tie evening featured entertainment by Jann Arden, a silent auction and food delights that showcased the wide range of talents of our food and beverage staff.

Casino Regina was also pleased to host an Iron Chef fundraiser for the Special Olympics with celebrity judges Mayor Pat Fiacco, CTV's Tara Robinson and Canadian Idol's Manoah Hartmann, to name a few.

This year the Corporation partnered with Regina Circle Project Inc. to plan and host a National Aboriginal Day Celebration. SGC also participated in community events like Taste of Regina, Taste of Spring and the 2004 Fantasies in Chocolate Show at the March of Dimes fundraiser. Casino Regina hosted a very successful fundraiser on behalf of the Regina Community Clinic, which raised over $15,000 for a new program to test children for Fetal Alcohol Syndrome.

Casino Moose Jaw was also active in the community by supporting such events as the Prairie Arts Festival, Festival of Words, Saskatchewan Centennial 2005 Air Show, Moose Jaw Warriors games, and the Moose Jaw Charity Road Race. Casino Moose Jaw staff proudly participated in the third annual Bed 'n' Bones fundraiser for the Hospital and the Human Society once again this year. This year's dog/cat house entry was a replica of Casino Moose Jaw, complete with a mural. Casinos Moose Jaw and Regina have brought in a number of entertainers like Rory Allen, Colin James, Matt Dusk and Andy Kim to perform at the beautiful Moose Jaw Cultural Centre.

C: *Public Acceptance, Social Responsibility and Partnership Relations*

Corporate Objective #5 – Ensure a high standard of integrity and accountability for all gaming and non-gaming activities.

2004-2005 Corporate Measures:

- Meet all requirements of the Provincial Auditor and the Saskatchewan Liquor and Gaming Authority.
- Provide accurate, timely and relevant information to management, the Board of Directors, the Government and to the public.

Actual Results:

- Corporate results are posted on SGC's website on a quarterly basis and our annual report is tabled according to legislated timelines.
- The Provincial Auditor issued an unqualified opinion of SGC's 2004-2005 Consolidated Financial Statements.

SGC has strict internal controls.

Discussion of Results:
Internal control systems are continually reviewed in order to meet the highest standards of integrity and meet with all regulatory obligations or audits and internal control standards.

Present systems meet all necessary requirements and all procedural changes are brought before the Corporation's Internal Control Committee before implementation. Compliance with approved policies and procedures is closely monitored.

The Corporation also provides support and leadership to the following activities related to strengthening SGC's Internal Control Systems:

- Providing support to the Holland Casino's Operational Audit team and monitoring and reporting progress on implementation and recommendations coming out of their audits;
- Continuing to provide leadership and support to the operational areas to make procedural changes more efficient and customer friendly, yet maintain a secure system of internal controls.

D: Innovation, Sustainability and Profitability

To continue to innovate, partner and develop new opportunities aimed at creating value and ensuring long-term sustainability and profitability.

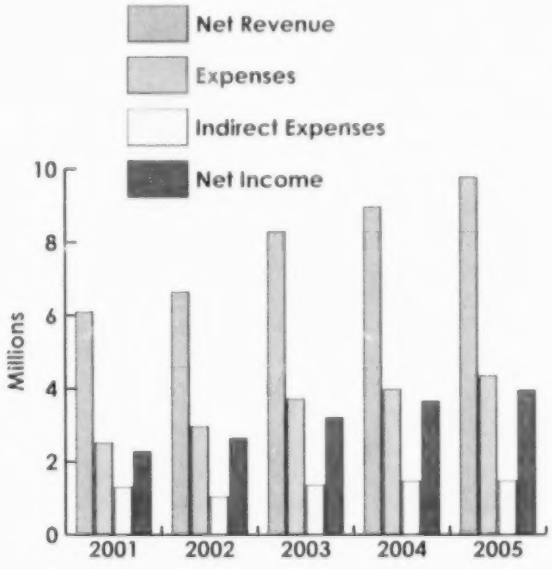
Corporate Objective #1 – To ensure a high level of sustainable profitability for Saskatchewan people.

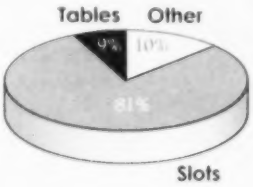
2004-2005 Corporate Measures:

- Net income of $39.1 million.
- Minimum of 42% NOI.
- Budget forecast within 5% of actual results.

Actual Results:

- During the 2004-2005 fiscal year, SGC posted a net income of $39.4 million, an increase of $2.9 million over the previous year's profit of $36.5 million.
- More than two million people visited Casino Regina in 2004-2005, up by nearly 150,000 from the previous year. Door counts at Casino Moose Jaw were also up from approximately 500,000 to nearly 564,000 this year.
- Net revenues for the year were $97.7 million, an increase of $6.7 million, or over 7.4%, from the previous year.
- Slot revenues increased $5.1 million. Table revenue saw no change from the prior year.





Revenue by Source

D: Innovation, Sustainability and Profitability

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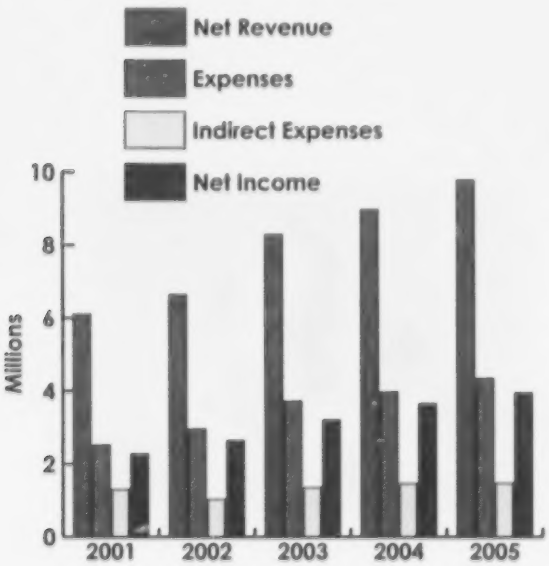
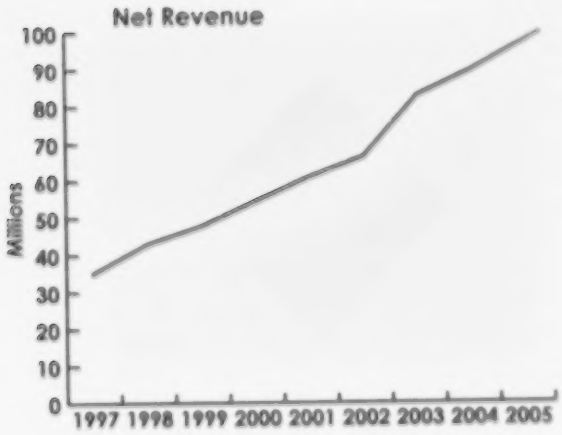


Revenue by Source

D: Innovation, Sustainability and Profitability

- Other revenues – including Food & Beverage, Parking, Show Lounge, interest, rent and ATM fees – increased $2.9 million from the prior year. However, $1.7 million of this increase is due to GST recoveries resulting from the application of a new allocation methodology for GST. The recoveries related to the period April 1, 1998 to August 31, 2001.
- SGC saw an increase in its Food & Beverage revenues of $708,000 as a result of well received marketing activities involving both Players Club members and the general public.
- The Show Lounge had increased visitations with revenue increasing $336,000.
- SGC increased the couponing to its guests by over $1.1 million from the prior year. The increase at Casino Regina accounted for $981,000 and was a result of numerous incentives aimed at our Players Club members and the general public.
- Expenses rose from $54.4 million in 2003-2004 to $58.2 million in 2004-2005, a 7% increase. This increase reflects increased costs associated with SGC's equipment operating lease, professional fees associated with the GST recovery audit, and operating costs such as salaries, computer system upgrades, entertainment and maintenance.
- SGC achieved a 43.5% net operating income (as a percentage of net revenue) exceeding SGC's goal of having a minimum 42%.



D: Innovation, Sustainability and Profitability

Key Activities Contributing to Success in Meeting Objectives:

Revenue Growth and Expense Management Strategy

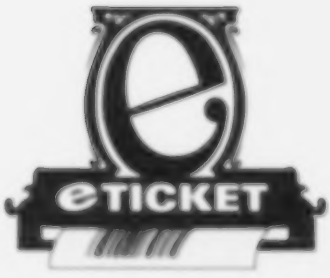
2004-2005 Corporate Measures:

- Encourage a culture that rewards efficiency and continual improvement.
- Review potential cost savings by adopting technology as it becomes available for the industry at a reasonable cost.
- Maximize impact on expenses without disruption of either the level of service or products offered.

Actual Results:

- Approval was received and project planning began for the new Casino Management System which will allow SGC to use Ticket-in-Ticket-out (TITO) technology.

Discussion of Results:
Within the annual planning cycle, the organization is committed to constantly reviewing the business practice. SGC is proud to foster a culture that rewards efficiency and continual improvement while at the same time optimizing customer satisfaction. This was evident by the large number of streamlined policies which were revised and approved this year.



Soon to be coin free! Thanks to new Ticket-in-Ticket-out technology SGC's future is coin free.

A major area that underwent review this year was the potential improvement in customer service through adopting technology as it becomes available for the industry at a reasonable cost. As a result, the Board of Directors approved implementation of the new Casino Management System.

D: Innovation, Sustainability and Profitability

Strengthening the Balance Sheet by Growing the Corporation's Asset Base While Effectively Managing Cash and Financing Requirements.

SGC uses its capital budget to re-invest in revenue generating assets.

2004-2005 Corporate Measures:

- To either match or outperform industry norms.
- ROI for capital investment based on net income/net capital assets.
- Explore industry best practices on capitalization policies and ROI's on capital assets.

Actual Results:

- SGC participated in an industry-wide benchmarking study conducted by KPMG.

Discussion of Results:

The KPMG study showed that SGC compared favourably for the majority of benchmarks that were measured.

Capital Replacement and Renewal Strategy

2004-2005 Corporate Measure:

- Development of a multi-year capital plan based on an annual budget level of 4% of revenues.

Actual Results:

- SGC's multi-year plan was updated during the year under review in order to ensure that corporate capital priorities are reflected over a planned and affordable timetable.

Discussion of Results:

A major undertaking in 2004-2005 was to become a completely smoke-free facility.

During the 2004-2005 fiscal year, 60% of the Corporation's capital budget was used for the purchase of new slot machines. Other equipment and furniture accounted for 12.6% of the capital budget; computer equipment was 9.6%; building renewal was 6.7%; security equipment accounted for 5%; the purchase of a shuttle bus was 4%; and new table games equipment was 1.8% of the overall budget.

D: Innovation, Sustainability and Profitability

Cash Management Strategy

2004-2005 Corporate Measures:

- Maximize the return on cash while ensuring the Corporation's working capital and borrowing requirements are met.
- Develop a quarterly capital purchase plan to improve the accuracy of the cash management forecast.
- Explore options to increase the movement of cash off the gaming floor and into the bank in both amount and timing.

Actual Results:

- A revised dividend payment schedule was negotiated with the Department of Finance.
- Quarterly capital purchase plan was completed.
- Daily clearance levels were increased, thereby moving more cash off the gaming floor.

Improved daily clearance levels meant increased speed and volume of cash from the floor to the bank.

Discussion of Results:

A strategy has been developed to maximize the return on cash, while ensuring the Corporation's working capital and borrowing requirements are met. SGC must submit all of its net profits to the General Revenue Fund and is not permitted to accumulate retained earnings. In addition, SGC is 100% debt financed and is not permitted to maintain a reserve for capital replaced as in retained earnings. To ease this pressure on SGC, given the forecast of reduced revenues, the Department of Finance has approved a permanent $8 million cash float to assist in financing operational cash requirements and partially fund capital purchases.

The Corporation's Cash Management Strategy includes a quarterly capital purchase plan to improve the accuracy of the cash management forecast. A number of initiatives were also implemented this year which have increased the movement of cash off the gaming floor and into the bank both in amount and timing.

D: Innovation, Sustainability and Profitability

To Accurately Forecast and Analyze Corporate Financial Results and Trends to Allow for Timely Reaction to Changes.

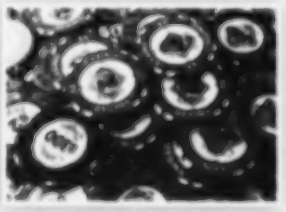
2004-2005 Corporate Measure:
- To budget within 5% of actual results.

Actual Results:
- This objective was achieved.

Discussion of Results:
Forecasts are reviewed in detail on a quarterly basis to ensure that current realities and future trends are identified in a timely manner. If required, adjustments are made to both expenditures and revenues in an attempt to manage the budgeted net income.

Business Unit Modeling

2004-2005 Corporate Measures:
- Develop a department/unit basis model to complement the existing corporate budget and forecasting model.
- Business unit modeling and trending was completed to more accurately forecast year-end and multi-year financial results.



Accurate and timely information assists SGC management in managing operations.

Actual Results:
- Expense allocation policies were fine-tuned to more accurately reflect financial results in each business unit.

Discussion of Results:
Through years of fine-tuning, our budget/forecast model has become a relatively reliable predictive tool on a corporate basis. However, the Corporation continues to examine system options to provide more accurate and timely management information to assist managers in managing personnel, operations, budgets and key indicators. The impact of the new non-smoking legislation will offer a new challenge in assessing the Corporate budget/forecast model.

D: Innovation, Sustainability and Profitability

Objective #2 – To pursue and identify business risks and new opportunities.

Casino Moose Jaw celebrated its 2nd Anniversary in 2004.

Business Development Strategy

2004-2005 Corporate Measure:

- To identify either new developments or ventures to grow the Corporation vertically, as well as horizontally, and to share knowledge of the gaming industry.

Actual Results:

- SGC continues to explore a number of potential business development opportunities both in Canada and the United Kingdom (U.K.).

Discussion of Results:

SGC is exploring a number of other business opportunities which take advantage of its leadership in the areas of responsible gaming and poker and consequently have been asked to share knowledge with other Canadian jurisdictions. The U.K. has just passed new gaming legislation which emphasizes the need to protect the "vulnerable." SGC feels there may be opportunities to share the province's balanced approach to gaming with U.K. operators.

Long-term Systems Strategy

2004-2005 Corporate Measure:

- To support and improve operational and management information to assist managers in managing "what matters".

Actual Results:

- A long-term systems strategy was developed which addresses replacement of existing systems, improved management information and the delivery of system services in the Corporation. Systems are being updated with enhanced player loyalty features, analytical capabilities and increased systems integration for customers.

D: Innovation, Sustainability and Profitability

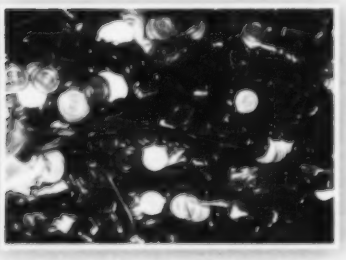
Discussion of Results:
During the year under review, approval was received for replacement of a Casino Management System over a two-year fiscal timeframe which will include implementation of "Ticket-in-Ticket-out" technology (TITO).

The new system will assist managers in improving customer service, it will improve marketing tools and effectiveness, help streamline bank operations through reduced cash handling, provide ability for enhanced responsible gaming management, and avoid system obsolescence and ensure stable vendor support. The new system will also provide positive return on investment.

Risk Management

2004-2005 Corporate Measure:
- Be proactive in managing the corporate risks, including changes to the industry and the business environment.

Actual Results:
- A multi-disciplined Risk Management Committee continually assessed key risks. One of the ongoing responsibilities of this committee is to update and revise the corporate business continuity plan in the event of a disaster.
- A plan has also been developed to address occurring "insurance" incidents with a goal to minimize the number of incidents and to reduce the annual insurance premium costs.



Cash intensive businesses require highly controlled environments and continual monitoring of key risks.

Discussion of Results:
The casino business is cash-intensive and socially sensitive, so SGC has to operate in a highly controlled environment. At SGC, the Director of Internal Audit reports directly to the Finance and Audit Committee of the Board of Directors. Because Internal Audit is an independent function – created to examine and evaluate the activities within SGC – its Director does not report directly to Executive Management at SGC.

D: Innovation, Sustainability and Profitability

The Corporation has identified five areas of risk that must be well managed to ensure its continued success and long-term viability. These key areas are:

- Ensuring fairness and integrity in gaming operations;
- Maintaining Casinos Regina and Moose Jaw's competitive positions as top tourist destinations;
- Meeting government expectations for reasonable profitability and performance accountability;
- Offering quality employment and career opportunities consistent with employment equity objectives; and
- Operating in a socially responsible manner.

2005-06 Outlook

It's all fun and games at Casinos Regina and Moose Jaw.

Saskatchewan Gaming Corporation (SGC) is once again planning for a profitable year in 2005-2006 allowing the Corporation to continue to sustain and create quality employment opportunities for our staff, economic benefits for Saskatchewan's communities, and revenue for Saskatchewan's treasury.

As we embark upon 2005-2006 and plan beyond, it is evident that the years of double-digit growth will be unattainable in the short-term and a challenge in the medium term. Unquestionably, the province-wide smoking ban has taken some momentum out of our positive upswing. However, SGC's management and staff did not sit back idly on the announcement of the ban. The challenge was met head-on and we were able to mitigate what could have otherwise been a more unfavourable situation with a longer lasting impact.

SGC's approach in the coming years will be employee, customer and community focused in everything we say and do to continue to nurture our fun, friendly and exciting atmosphere.

A business planning team has been established to work closely with SGC's Board of Directors and Executives to continue formulating the strategic direction for the Corporation, addressing increased competition for discretionary dollars in the entertainment sector. The team will also pursue opportunities for ancillary revenue growth.

The upcoming year will provide a number of unique marketing opportunities that will immerse us into Saskatchewan's communities, including taking part in the province's Centennial Celebrations, by participating in events such as the Lieutenant Governor's Centennial Gala, and the Centennial Concert Series. SGC will also leverage opportunities during Casino Regina's 10th anniversary in 2006 and during a number of major events being held in Saskatchewan, including the Canada Summer Games in August 2005, Saskatchewan Roughrider home and away games, the Craven Country Jamboree, the Saskatchewan Centennial 2005 Air Show in Moose Jaw, and the Tim Horton's Brier Regina 2006 Parti Gras, to name a few.

It is the shared aim and objective of Board members and Executive to see SGC recognized as one of Canada's top employers. The Corporation will continue to formulate the new business formats and product offerings that will ensure our properties continue to be heralded as the premier gaming and entertainment enterprises in the industry.

In the long-term, SGC sees moving from great results to even greater results, thanks in large part, to the inspired people that work at Casinos Regina and Moose Jaw.

For further details on Casinos Regina & Moose Jaw's initiatives and operations,
to receive copies of the audited consolidated financial statements,
to receive the audited financial statements for SGC Holdings Inc.
(the holding company for the Corporation's assets), or to request copies of this annual report,
contact our Communications and Community Relations Department at:

1880 Saskatchewan Drive
Regina, Saskatchewan
S4P 0B2

Telephone: (306) 787-8652

In Canada, call toll-free:
1-800-555-3189
or visit our websites at www.casinoregina.com and www.casinomoosejaw.com

SASKATCHEWAN GAMING CORPORATION

Consolidated Financial Statements
For The Year Ended March 31, 2005

CASINOS
Regina & Moose Jaw

SASKATCHEWAN GAMING CORPORATION

Consolidated Financial Statements
For The Year Ended March 31, 2005

CASINOS

Regina • Moose Jaw

MANAGEMENT REPORT

The accompanying financial statement and related financial information presented throughout the Annual Report have been prepared by management using generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the year ending March 31, 2005 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records and maintained. An auditing function exists within the corporation that objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the corporation's financial statements as at March 31, 2005. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of fairness of presentation of the corporation's financial statement in accordance with generally accepted accounting principles.

M.L. (Marty) Klyne
President and CEO

Twyla Meredith
Senior Vice-President
Finance and
Business Development
May 3, 2005

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the Saskatchewan Gaming Corporation as at March 31, 2005 and the consolidated statements of operations and retained earnings, and cash flows for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 3, 2005

Fred Wendel, CMA, CA
Provincial Auditor

STATEMENT 1
SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2005	2004
Assets	*(in 000's)*	
Current assets:		
Cash	$ 10,885	$ 17,145
Short-term investments	12,141	6,129
Accounts receivable	160	214
Inventory	166	209
Prepaid expenses	1,640	641
	24,992	24,338
Capital assets (Note 3)	56,952	57,685
Total assets	$ 81,944	$ 82,023
Liabilities and Retained Earnings		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,763	$ 6,250
Current portion of long-term debt (Note 4)	2,689	2,476
Current portion of capital lease obligation (Note 5)	900	900
	9,352	9,626
Due to General Revenue Fund (Note 1)	39,431	36,480
Long-term liabilities:		
Long-term debt (Note 4)	25,953	28,642
Capital lease obligation (Note 5)	7,208	7,275
	33,161	35,917
Retained earnings (Statement 2)	---	---
Total liabilities and retained earnings	$ 81,944	$ 82,023
Commitments (Note 6)		

(See accompanying notes to the financial statements)

STATEMENT 2
SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31

	2005	2004
	(in 000's)	
Revenue: (Note 7)		
Gross revenues	$ 105,797	$ 97,718
Less:		
Promotional allowances	5,527	4,363
Ancillary cost of goods sold	2,603	2,434
	97,667	90,921
Operating expenses (Notes 7 & 8):	58,236	54,441
Net income	39,431	36,480
Retained earnings, beginning of the year	---	---
Transfer to General Revenue Fund (Note 1)	39,431	36,480
Retained earnings, end of the year - to Statement 1	$ ---	$ ---

(See accompanying notes to the financial statements)

STATEMENT 3
SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

	2005	2004
	(in 000's)	
Cash flows provided by (used in) operating activities:		
Net income	$ 39,431	$ 36,480
Items not involving cash:		
Amortization of capital assets	4,804	4,675
Loss on sale of capital assets	66	501
Changes in non-cash working capital balances:		
Accounts receivable	54	255
Prepaid expenses	(999)	116
Inventories	43	(30)
Accounts payable and accrued liabilities	(487)	(2,051)
	42,912	39,946
Cash flows provided by (used in) investing activities:		
Proceeds from sale of capital assets	99	1,655
Purchase of capital assets	(4,236)	(3,480)
	(4,137)	(1,825)
Cash flows provided by (used in) financing activities:		
Payment to General Revenue Fund	(36,480)	(32,013)
Repayment of equipment loan	---	(1,730)
Repayment of capital lease obligation	(67)	(60)
Repayment of debt	(2,476)	(2,280)
	(39,023)	(36,083)
Net (decrease) increase in cash position	(248)	2,038
Cash position, beginning of the year	23,274	21,236
Cash position, end of the year	$ 23,026	$ 23,274
Cash consists of:		
Cash	$ 10,885	$ 17,145
Short-term investments	12,141	6,129
	$ 23,026	$ 23,274

(See accompanying notes to the financial statements)

SASKATCHEWAN GAMING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

1. Description of Business

The Saskatchewan Gaming Corporation (SGC) manages and operates Casino Regina and Casino Moose Jaw. SGC was established under *The Saskatchewan Gaming Corporation Act, 1994* (Act). Under Section 13 of the Act, SGC, unless directed otherwise by Treasury Board, shall pay its net profits for each fiscal year to the General Revenue Fund. In March 2005, Treasury Board approved a change to the requirement for SGC to pay all of its net profits to the General Revenue Fund. Effective April 1, 2005, SGC is allowed to retain $6 million for an operating cash float and $2 million per year for on-going capital upgrades. SGC must pay the remaining net profits to the General Revenue Fund monthly.

SGC was established to provide for separation of regulatory and operational aspects of gaming. SGC must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of its operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies which have been adopted are described below.

a) Basis of Consolidation

The consolidated financial statements combine the accounts of Saskatchewan Gaming Corporation and its wholly-owned subsidiary, SGC Holdings Inc. All intercompany transactions and accounts have been eliminated on consolidation.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

c) Players Club Program

As part of its customer loyalty initiative, SGC offers a players club program to patrons. Under the program, club members accumulate reward points based on the amounts wagered and time spent on certain slot machines. Members can redeem their points for cash. SGC records the points earned as a reduction of gaming revenue.

d) Promotional Allowances

The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances. Promotional allowances also include complimentary coins given to patrons.

e) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent cost.

f) Capital Assets

Capital assets are stated at cost less accumulated amortization. Assets are amortized commencing in the year in which assets are placed in service using the straight-line method over their useful lives as follows:

Building and renovations	Five to forty years
Gaming equipment	Three to five years
Computer equipment	Three to five years
Furniture and equipment	Three to five years

g) Short-term Investments

Short-term investments consist of investments in a Canadian money market fund. Short-term investments are carried at cost, which approximates market value.

3. Capital Assets

(in 000's)

	2005			2004
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building and renovations	$ 56,900	$ 13,099	$ 43,801	$ 46,167
Gaming equipment	10,655	5,714	4,941	3,751
Land	5,218	---	5,218	5,218
Computer equipment	3,885	2,894	991	943
Furniture and equipment	4,690	2,689	2,001	1,606
	$ 81,348	$ 24,396	$ 56,952	$ 57,685

Included in the above are the following assets under capital lease:

Building	$ 7,277	$ 470	$ 6,807	$ 6,989
Land	990	---	990	990
Total assets under capital lease	$ 8,267	$ 470	$ 7,797	$ 7,979

4. Long-Term Debt

(in 000's)

	2005	2004
Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2%, due April 1, 2011	$ 14,311	$ 15,990
Building Loan, repayable in monthly instalments of $76,572 including interest at 6.48%, due December 1, 2016	7,544	7,959
Building Loan, repayable in monthly instalments of $67,790 including interest at 6.17%, due December 1, 2016	6,787	7,169
	28,642	31,118
Less current portion	2,689	2,476
	$ 25,953	$ 28,642

The above loans are secured by assets and shares of SGC Holdings Inc. The loans may only be prepaid at a penalty cost to SGC. Principal repayments required in the next five years are as follows:

		(in 000's)
2006	$	2,689
2007		2,921
2008		3,174
2009		3,449
2010		3,748
2011 and subsequent		12,661
	$	28,642

The fair value of the long-term debt is approximately $31.3 million (2004 - $34.4 million). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.

5. Capital Lease Obligation

On July 31, 2001, SGC made an agreement with a private company for the construction of Casino Moose Jaw. Beginning in September 2002, SGC leased the property from that company for 25 years at an annual cost of $900,000 for the first ten years, and $955,000 annually thereafter. At the end of the lease, SGC will acquire the property for the sum of one dollar.

The minimum lease payments under the capital lease obligation are as follows:

	Building	(in 000's) Land	Total
2006	$ 792	$ 108	$ 900
2007	792	108	900
2008	792	108	900
2009	792	108	900
2010	792	108	900
2011 and subsequent	14,525	1,975	16,500
Total minimum lease payments	18,485	2,515	21,000
Amount representing interest at 10.3%	(11,349)	(1,543)	(12,892)
Balance of the obligation	7,136	972	8,108
Less current portion	(792)	(108)	(900)
	$ 6,344	$ 864	$ 7,208

The fair value of the capital lease obligation is approximately $8.7 million (2004 - $8.6 million). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.

6. Commitments

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SGC entered into an agreement with the Association to fulfil previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SGC agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and monthly payments of $216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SGC entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under this agreement, SGC agreed to pay MJEX $34,583 monthly starting in 2003 and continuing until 2028.

c) Operating Lease

SGC sold certain equipment to a leasing company. SGC then made an agreement with the leasing company to lease back the equipment. The lease terms for the equipment range from 36 to 43 months. Lease and rental expense includes $2,969,688 (2004 - $2,263,131) for leasing this equipment. The minimum annual lease payments required are as follows:

		(in 000's)
2006	$	1,737
2007		289
Total	$	2,026

d) Casino Management System

SGC has undertaken a project to replace its existing casino management system and to augment the new system with ticket-in ticket-out technology. The project will be completed by March 2006 and will cost an estimated $8.1 million. During 2004-05, SGC entered into a purchase agreement of $3.8 million for the new system, which includes a deposit of $941,000 recorded as prepaid expenses. The balance of the costs for the new system will be paid in 2005-06.

Subsequent to the year end, on April 22, 2005, SGC entered into an agreement with a bank to finance the project up to a maximum of $8.1 million. Drawdowns on the loan amount must be completed prior to March 31, 2006. Interest rates will be determined at the time of each drawdown. The term of the loan is five years. Security consists of a chattel mortgage representing a first charge on the asset financed.

7. Segmented Information

The operations of SGC's two casinos have been segmented in the table below. Corporate revenue consists of rental, interest income and GST recoveries. Corporate expenses include general head office administration expenses. These expenses have not been allocated to the casino operations because of their nature.

(in 000's)

	Casino Regina	Casino Moose Jaw	Corporate	2005 Total	2004 Total
Slot machine revenue	$ 69,188	$ 13,824	$ ---	$ 83,012	$ 77,865
Table games revenue	8,630	844	---	9,474	9,441
Ancillary revenue:					
Food & Beverage	6,255	638	---	6,893	6,185
Parking	1,307	100	---	1,407	1,319
Show lounge	1,362	89	---	1,451	1,115
Other	1,265	123	---	1,388	1,476
Corporate other revenue	---	---	2,172	2,172	317
	88,007	15,618	2,172	105,797	97,718
Less:					
Promotional Allowances	4,792	735	---	5,527	4,363
Ancillary cost of goods sold	2,416	187	---	2,603	2,434
	7,208	922	---	8,130	6,797
Casino operating expenses	40,532	9,316	---	49,848	45,477
Corporate expenses	---	---	8,388	8,388	8,964
	40,532	9,316	8,388	58,236	54,441
Net income (loss)	$ 40,267	$ 5,380	$ (6,216)	$ 39,431	$ 36,480

8. Expenses by Object

(in 000's)

	2005	2004
Salaries and benefits	$ 23,241	$ 22,296
Marketing, communication and entertainment	6,311	5,751
Utilities, insurance, supplies and maintenance	5,463	4,533
Amortization and asset write down	4,870	5,176
Contractual obligations (Notes 6 a & 6 b)	3,015	3,015
Interest – long-term debt	2,319	2,517
Interest – capital lease obligation and other	835	859
Taxes (Note 9)	3,834	3,637
Professional services	1,746	1,203
Uniforms, recruitment and training	1,220	1,071
Lease and rental (Note 6 c)	4,231	3,501
Other operating expenses	1,151	882
Total expenses	$ 58,236	$ 54,441

9. Taxes

SGC is on the prescribed list of lottery corporations pursuant to Section 188 of *The Federal Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SGC calculates and remits GST according to a formula prescribed by the Canada Revenue Agency (CRA). The formula requires SGC to pay 14% on the purchase of goods and services related to gaming activities.

In 2001/02, SGC engaged a consultant to complete a comprehensive analysis of how GST applies to gaming and non-gaming activities. Based on the allocation methodology recommended by the consultant, SGC submitted a request for GST recovery to CRA for the period April 1, 1998 to August 31, 2001. CRA completed its audit in November 2004. The recoveries were recorded as corporate other revenue and consultant fees were recorded as professional services expenses at the finalization of the CRA audit.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

10. Pension Plan

Substantially all of SGC's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors, using staff and facilities provided by Crown Investments Corporation of Saskatchewan. The amount required to be contributed by employees is 5.5% of salary. SGC's financial obligation is limited to making the employer's required contributions. During the year, SGC expensed $935,345 (2004 - $912,775) for the employer's required contributions.

11. Bank Indebtedness

SGC has established a line of credit of $2 million with a bank. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate.

While SGC used the line of credit during the year, at year-end, SGC did not have any amount owing on the line of credit.

12. Related Party Transactions

These consolidated financial statements include transactions with related parties. SGC is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, SGC is related to non-Crown agencies that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. These transactions are as follows:

	(in 000's) 2005	2004
Category:		
Salaries and benefits	$ 1,439	$ 1,232
Utilities, insurance, supplies and maintenance	1,652	1,602
Restaurant - cost of sales	618	573
Other operating expenses	43	54
Accounts payable and accrued liabilities	149	234

In addition, SGC pays provincial sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SGC also collects liquor consumption tax from customers and remits to the Saskatchewan Department of Finance.

Other transactions with related parties and amounts due to/from them are described separately in the consolidated financial statements and the notes thereto.

13. Fair Value

Short-term investments, accounts receivable, accounts payable and accrued liabilities, and due to General Revenue Fund are all short-term in nature and as such their carrying value approximates their fair value. Fair value information for other financial instruments is described separately in the consolidated financial statements and the notes thereto.

14. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's financial statement presentation.

SGC HOLDINGS INC.

Financial Statements For The
Year Ended March 31, 2005

CASINOS
Regina & Moose Jaw

SGC HOLDINGS INC.

Financial Statements For The
Year Ended March 31, 2005

CASINOS

Regina & Moose Jaw

MANAGEMENT REPORT

The accompanying financial statement and related financial information presented throughout the Annual Report have been prepared by management using generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the year ending March 31, 2005 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records and maintained. An auditing function exists within the corporation that objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the corporation's financial statements as at March 31, 2005. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of fairness of presentation of the corporation's financial statement in accordance with generally accepted accounting principles.

M.L. (Marty) Klyne
President and CEO

Twyla Meredith
Senior Vice-President
Finance and
Business Development
May 3, 2005

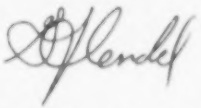
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of SGC Holdings Inc. as at March 31, 2005 and the statements of operations and retained earnings, and cash flows for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
May 3, 2005

Fred Wendel, CMA, CA
Provincial Auditor

STATEMENT 1
SGC HOLDINGS INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2005	2004
Assets		
Current assets:		
Cash	$ 440,135	$ 1,069,073
Prepaid expenses	941,495	—
Current portion of lease receivable (Note 3)	6,984,482	6,394,388
	8,366,112	7,463,461
Long-term lease receivable (Note 3)	30,399,205	33,147,578
Total assets	$ 38,765,317	$ 40,611,039
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 522,159	$ 230,348
Due to SGC (Note 4)	9,586,730	9,259,613
Current portion of long-term debt (Note 5)	2,689,411	2,476,284
	12,798,300	11,966,245
Long-term debt (Note 5)	25,952,236	28,641,646
Total liabilities	38,750,536	40,607,891
Equity:		
Share capital (Note 6)	1,000	1,000
Retained earnings (Statement 2)	13,781	2,148
	14,781	3,148
Total liabilities and equity	$ 38,765,317	$ 40,611,039

Commitments (Note 9)

(See accompanying notes to the financial statements)

STATEMENT 2
SGC HOLDINGS INC.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31

	2005	2004
Revenue:		
Bank interest and other	$ 14,101	$ 24,541
	14,101	24,541
Expenses:		
Bank charges and other	320	---
Exchange loss	---	22,393
	320	22,393
Net income	13,781	2,148
Retained earnings, beginning of the year	2,148	6,173
	15,929	8,321
Less transfer to SGC	(2,148)	(6,173)
Retained earnings, end of the year (Statement 1)	$ 13,781	$ 2,148

(See accompanying notes to the financial statements)

STATEMENT 3
SGC HOLDINGS INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

	2005	2004
Cash flow provided by (used in) operating activities:		
Net income	$ 13,781	$ 2,148
	13,781	2,148
Cash flow provided by (used in) investing activities:		
Changes in non-cash working capital balances:		
Accounts receivable	---	124,718
Prepaid expenses	(941,495)	---
Accounts payable	291,811	(2,522,150)
Purchase of capital assets for lease	(4,236,108)	(1,288,588)
Lease payments received from SGC	6,394,388	6,642,240
	1,508,596	2,956,220
Cash flow provided by (used in) financing activities:		
Transfer to SGC	(2,148)	(6,173)
Increase (decrease) in due to SGC	327,117	(1,543,673)
Repayment of debt	(2,476,284)	(2,280,452)
	(2,151,315)	(3,830,298)
Net (decrease) in cash position	(628,938)	(871,930)
Cash, beginning of year	1,069,073	1,941,003
Cash, end of year	$ 440,135	$ 1,069,073

(See accompanying notes to the financial statements)

SGC HOLDINGS INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

1. Description of Business

SGC Holdings Inc. was incorporated under *The Business Corporations Act (Saskatchewan)* and is a wholly owned subsidiary of the Saskatchewan Gaming Corporation (SGC). Since its inception, SGC Holdings Inc. purchased capital assets and leased them to SGC for the operation of Casino Regina and Casino Moose Jaw. The financial results of SGC Holdings Inc. are included in the consolidated financial statements of SGC.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

3. Long-term Lease Receivable

SGC Holdings Inc. entered into a building and equipment direct financing lease agreement with SGC. The receivable is non-interest bearing and has minimum repayments as follows:

	2005	2004
Year ending March 31		
2005	$ ---	$ 6,394,388
2006	6,984,482	6,137,260
2007	6,307,882	5,460,660
2008	5,224,039	4,376,817
2009	4,095,509	3,248,286
2010	3,837,791	2,990,571
2011 and subsequent	10,933,984	10,933,984
Total minimum payments receivable	37,383,687	39,541,966
Less current portion	6,984,482	6,394,388
	$ 30,399,205	$ 33,147,578

Due to the nature of this receivable, its fair value has not been determined.

4. Due to SGC

Amounts due to SGC are non-interest bearing and payable on demand. These amounts represent payments made by SGC on behalf of SGC Holdings Inc. which have not yet been reimbursed.

5. Long-Term Debt

	2005	2004
Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2%, due April 1, 2011	$ 14,310,642	$ 15,989,798
Building Loan, repayable in monthly instalments of $76,572 including interest at 6.48%, due December 1, 2016	7,544,190	7,959,471
Building Loan, repayable in monthly instalments of $67,790 including interest at 6.17%, due December 1, 2016	6,786,815	7,168,661
	28,641,647	31,117,930
Less current portion	2,689,411	2,476,284
	$ 25,952,236	$ 28,641,646

The above loans are secured by assets and shares of SGC Holdings Inc. The above loans may only be prepaid at a penalty cost to SGC Holdings Inc. Principal repayments required in the next five years are as follows:

2006	$ 2,689,411
2007	2,921,397
2008	3,173,946
2009	3,448,922
2010	3,748,360
2011 and subsequent	12,659,611
	$ 28,641,647

Under an agreement between SGC and SGC Holdings Inc., SGC is responsible for paying the interest portion of the loans directly to the lenders. Accordingly, these financial statements do not show the cost of servicing this debt. For the year ended March 31, 2005, SGC's financial statements include interest expense of $2,319,561 (2004 - $2,516,778) for this debt.

The fair value of the long-term debt is approximately $31,293,000 (2004 - $34,363,000). The fair value is determined by discounting the future contractual cash flows using rates currently available for debt of similar terms and maturities.

6. Share Capital

	2005	2004
Authorized		
Unlimited voting common shares with no par value		
Unlimited non-voting preferred shares with no par value		
Issued and outstanding		
100 common shares	$ 1,000	$ 1,000

7. Related Party Transactions

These financial statements include transactions with related parties. SGC Holdings Inc. is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Corporation is related to non-Crown agencies that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms.

SGC Holdings Inc. has not been charged with administration costs. These costs have been absorbed by SGC.

In addition, SGC Holdings Inc. pays Saskatchewan provincial sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Fair Value

Accounts receivable, accounts payable, and due to SGC are financial instruments that are short term in nature and as such their carrying value approximates their fair value. Fair value information for other financial instruments is described separately in these financial statements and the notes thereto.

9. Commitments

SGC has undertaken a project to replace its existing casino management system and to augment the new system with ticket-in ticket-out technology. The project will be completed by March 2006 and will cost an estimated $8.1 million. During 2004-05, SGC entered into a purchase agreement of $3.8 million for the new system, which includes a deposit of $941,000 recorded as prepaid expenses. The balance of the costs for the new system will be paid in 2005-06.

Subsequent to the year end, on April 22, 2005, SGC entered into an agreement with a bank to finance the project up to a maximum of $8.1 million. Drawdowns on the loan amount must be completed prior to March 31, 2006. Interest rates will be determined at the time of each drawdown. The term of the loan is five years. Security consists of a chattel mortgage representing a first charge on the asset financed.

Saskatchewan Gaming Corporation
Supplementary Financial Information 2004-2005
Suppliers expenses Over $50,000 (Net of GST)
In Alphabetical Order
For the period ending March 31, 2005

Supplier	Amount
4028546 CANADA INC	68,988
ALLEN, RORY	61,194
AON REED STENHOUSE INC	266,706
ARISTOCRAT TECHNOLOGIES INC	254,390
ARTEC PHOTOGRAPHIC DESIGN LTD	56,595
ATRONIC AMERICAS, LLC	50,011
BALLY GAMING & SYSTEMS	142,625
BREWERS DISTRIBUTORS LTD	439,538
CAJON LEASING	3,150,591
CANADIAN LINEN AND UNIFORM	73,554
CAPITAL PENSION & BENEFITS ADM	935,345
CENTENNIAL FOODS - REGINA	289,975
CIRCA OFFICE INTERIORS LTD	57,167
CITY OF MOOSE JAW	196,473
CITY OF REGINA	1,457,057
CLEAN-BRITE RMT HOLDINGS LTD	212,873
COCA-COLA BOTTLING COMPANY	136,838
COLONY COFFEE & TEA	103,984
COUGHLIN & ASSOC LTD	70,116
CRAIGEN CONSTRUCTION	91,725
DELTA REGINA HOTEL	70,600
DOMINION CONSTRUCTION CO INC	53,703
ECOLAB LTD	76,966
FANTASTIC CLEANING	991,488
FIRST NATIONS UNIV OF CANADA	98,571
GLOBE THEATRE	128,956
GRAND & TOY	50,333
GREAT WEST LIFE ASSURANCE CO	724,064
HARVARD/TGMS DEV CORP	833,626
HI-TECH GAMING LTD	70,505
HOLLAND CASINOS	208,627
INDEPENDENTS CHOICE DISTRIBUTORS	194,546
INTERNATIONAL GAME TECHNOLOGY	348,230
KANUKA THURINGER	62,065
KEY ENTERTAINMENT GROUP	56,222
LONDON LIFE	2,319,561
MACPHERSON LESLIE & TYERMAN	62,083
MINISTER OF FIN ENVIRONMENT	79,652
MINISTER OF FINANCE E&H TAX	87,677
MOOSE JAW EXHIBITION CO LTD	450,000
NEX INNOVATIONS INC	119,270
ONE HOUR MARTINIZING	198,212
OXFORD RETAIL GROUP	64,246
PACIFIC FRESH FISH LTD	68,256
PAR CONSULTANTS OF CANADA LTD	68,827
PHOENIX ADVERTISING GROUP	2,157,417
POINTS WEST CONSULTING INC	108,756
PRAIRIE MEATS	144,114
PRINTWEST	221,797
PROFESSIONAL WESTERN COMPUTERS	50,002
RECEIVER GENERAL	2,591,033
REGINA EXHIBITION ASSOCIATION	2,600,000
REINHARDT PLUMBING HEATING	58,881
ROGER WILLIAMS MINT	203,191
SASK ENERGY	253,527
SASK LIQUOR & GAMING AUTHORITY	240,739
SASK POWER CORP	772,720
SASK PROPERTY MGMT	285,990
SASK WORKERS COMPENSATION BOARD	402,993
SASK-TEL	283,097
SHUFFLE MASTER INC	153,362
SL FELDMAN & ASSOCIATES	110,333
SUN ELECTRIC (1975) LTD	284,828
SYSCO FOOD SERVICE OF REGINA	419,367
TCS JOHN HUXLEY (CANADA) LTD	50,722
TD BANK	67,185
TECHNOLOGY MANAGEMENT CORP	661,454
TEMPLE GARDENS	83,147
TOURISM REGINA	85,490
UNISOURCE CANADA INC	232,625
UTILITY GARMENTS INC	124,014
WALLACE & CAREY LTD	400,647
WMS GAMING INC	51,119
	28,700,586

SGC Holdings Inc
Supplementary Financial Information
Supplier payments (Net of GST) 2004-2005
Over $50,000 in alphabetical order

Supplier	Amount
ARISTOCRAT INCORPORATED	499,671
BALLY GAMING SYSTEM	1,052,271
CAJON LEASING	276,177
CRESTLINE COACH LTD	167,647
EDWARDS SECURITY	64,565
HI-TECH GAMING LTD	1,813,661
LONDON LIFE	2,476,284
MICROS SYSTEMS INC	69,723
PROFESSIONAL WESTERN COMPUTERS	252,440
QSI INTERIORS LTD	106,120
RMD SECURITY SYSTEMS	98,199
SUN ELECTRIC (1975) LTD	56,866
WESTRIDGE CONSTRUCTION LTD	114,950
	7,048,574

Saskatchewan Gaming Corporation
Supplementary Financial Information
Personal Services
For the period ending March 31, 2005

Listed are individuals who received payments for salaries, wages, secondments, honorariums, etc. which total $50,000 or more in alphabetical order

Name	Payment Amount
Abuan, Rita	51,534
Acoose, Trevor	58,358
Adams, Ron	74,427
Arlint, Robert	56,506
Bitternose, Ken	65,205
Brown, Travis	51,347
Caldwell, Victoria	50,734
Cardinal, Robert	54,347
Carsten, Les	55,270
Casper, Doug	94,930
Cloutier, Les	75,390
Cote, Brenda	88,034
Crowe, Robert	70,533
Daradich, Elliott	77,021
Davies, William	94,452
Dreger, Ken	54,987
Dressler, Maxwell	112,848
Dureau, Greg	75,980
Eggleston, Darcy	56,106
Engel, Gailen	58,795
Erickson, Rita	71,177
Ermel, Delia	76,433
Esch, Suzanne	52,898
Ferguson, Dallas	83,348
Fischer, Gerald	110,955
Flett, Susan	64,244
Howie, Jane	60,085
Hutchison, Wendy	83,703
Jones, Ron	62,988
Kucher, Tara	76,650
Laroque, Gregory	64,540
Love, Neil	58,335
MacRae, Stuart	63,978
Maelde, Guido	68,486
Matysio, Edgar	54,299
Meredith, Twyla	124,232
Mokry, Janice	51,373
Montanini, Debra	73,001
Murray, Gordon	58,910
Padmanabh, Sandhya	53,601
Parisian, Richard	58,335
Pelletier, Robert	68,141
Pratt, Jason W	54,099
Reavie, Bardy	58,701
Robison, Blair	53,687
Schmidt, Kelly	59,523
Schwabe, Clair	50,570
Schultz, Scott	52,924
Sterzer, Alphonse	53,309
Stewart, Tracy	55,671
Toop, Wendy	56,524
Tulloch, Lynn	74,052
Uhl, Gene	52,754
Weist, Faye	58,335
	3,596,668
Ministerial Ass't Salaries	17,121